# **VIETNAM NATIONAL UNIVERSITY - HO CHI MINH CITY** INTERNATIONAL UNIVERSITY SCHOOL OF INDUSTRIAL ENGINEERING & MANAGEMENT





## PROJECT REPORT

**Course: Data Mining** 

HOTEL BOOKING DEMAND

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Group: 03



HOTEL BOOKING FORM

FIRST MANKE

## **Table of contents**

I.	Introduction	4
1.1	1 Data	4
1.2	2 Methodology	6
1.3	3 Import package and data	6
II.	Exploratory data analysis (EDA)	8
2.1	l Missing Data	11
2.2	2 Numeric Statistics	12
2.3	3 Outlier Detection	13
2.4	4 Categories Statistics	28
III.	Modeling	34
3.1	l Featuring Engineering	34
3.2	2 Z - Normalization	35
IV.	Principal component analysis (PCA)	37
V.	Clustering	42
5.1	1 K – Mean	42
5.2	2 Hierarchical	45
VI.	Predicting	47
6.1	1 KNN method	47
6.2	2 SVM method	48
6.3	3 Tree Decision	48
6.4	4 Forest Random	49
6.5	5 Summary	50
VII.	Feature Importance	50
VIII.	. Conclusion	50
IX.	References	51
Grou	ıp members	52

## **Abstract**

A highly accurate demand prediction is fundamental to the success of every revenue management model. Customers who book through the online website cancel the reservation a few days before their scheduled arrival. This problem frequently arises when a hotel offers a free cancellation service, which is viewed as a hotel policy to improve customer service and focus on consumers when booking comfortably without charge. This policy in favor of customers leads to the disadvantage of the hotel when the customer completes the booking and cancels before the official time. The hotel will suffer a loss when it is forced to keep the room unoccupied and not utilize the resources. This paper will analyze the hotel booking dataset and study machine learning methods to investigate which sorts of consumers and what traits of customers frequently cancel rooms. Machine learning is applied for the booking cancellation prediction problem so that hoteliers manage bookings, classify a hotel booking's likelihood to be canceled, and determine how many customers can cancel. From there, come up with a solution that can generate more bookings on internet platforms to reduce the loss and generate sustainable revenue from available resources.

## I. Introduction

Hotel Booking Demand Dataset is published in Data in Brief, Volume 22, February 2019 by Nuno Antonio, Ana Almeida, and Luis Nunes. This dataset comes from two hotels, a city hotel, and a resort hotel, with each observation represents a hotel booking. It includes totally 119,390 observations following with 31 variables such as when the booking was made, length of stay, the number of adults, children, and/or babies, and the number of available parking spaces, among other things from July 2015 to August 2017.

#### **1.1 Data**

The data set contains the following variables:

Table 1: Description of dataset

Variable	Type	Description
Hotel	Categorical	Type of Hotel whether Resort Hotel or City Hotel
is_canceled	Binary	Value indicating if the booking was canceled (1) or not (0)
lead_time	Integer	Number of days that elapsed between the entering date of the booking into the PMS and the arrival date
arrival_date_year	Integer	Year of arrival date
arrival_date_month	Categorical	Month of arrival date with 12 categories: "January" to "December"
arrival_date_week_number	Integer	Week number of year for arrival date
arrival_date_day_of_month	Integer	Day of arrival date
stays_in_weekend_nights	Integer	Number of weekend nights (Saturday or Sunday) the guest stayed or booked to stay at the hotel
stays_in_week_nights	Integer	Number of weeknights (Monday to Friday) the guest stayed or booked to stay at the hotel
adults	Integer	Number of adults
children	Integer	Number of children
babies	Integer	Number of babies
meal	Categorical	Type of meal booked. Undefined/SC – no meal package, BB – Bed & Breakfast, HB – Half board (breakfast and one other meal – usually dinner), FB – Full board (breakfast, lunch and dinner)
country	Categorical	Country of origin.
market_segment	Categorical	Market segment designation. In categories, the term "TA" means "Travel Agents" and "TO" means "Tour Operators"

distribution_channel	Categorical	Booking distribution channel. The term "TA" means "Travel Agents" and "TO" means "Tour Operators"
is_repeated_guest	Binary	Value indicating if the booking name was from a repeated guest (1) or not (0)
previous_cancellations	Categorical	Number of previous bookings that were cancelled by the customer prior to the current booking
previous_bookings_ not_canceled	Integer	Number of previous bookings not cancelled by the customer prior to the current booking
reserved_room_type	Categorical	Code of room type reserved. Code is presented instead of designation for anonymity reasons
assigned_room_type	Categorical	Code for the type of room assigned to the booking. Sometimes the assigned room type differs from the reserved room type due to hotel operation reasons (e.g., overbooking) or by customer request.
booking_changes	Integer	Number of changes/amendments made to the booking from the moment the booking was entered on the PMS until the moment of checkin or cancellation
deposit_type	Categorical	Type of deposit made for booking: No Deposit  – no deposit was made, non-Refund – a deposit was made in the value of the total stay cost, Refundable – a deposit was made with a value under the total cost of stay
agent	Categorical	ID of the travel agency that made the booking
company	Categorical	ID of the company/entity that made the booking or responsible for paying the booking. ID is presented instead of designation for anonymity reasons
days_in_waiting_list	Integer	Number of days the booking was in the waiting list before it was confirmed to the customer
customer_type	Categorical	Type of booking: Contract - when the booking has an allotment or other type of contract associated to it, Group – when the booking is associated to a group, Transient – when the booking is not part of a group or contract, and is not associated to other transient booking, Transient-party – when the booking is transient, but is associated to at least other transient booking
adr	Numerical	Average Daily Rate as defined by dividing the sum of all lodging transactions by the total number of staying nights
required_car_parking_ spaces	Integer	Number of car parking spaces required by the customer

total_of_special_requests	Integer	Number of special requests made by the customer (e.g., twin bed or high floor)			
reservation_status	Categorical	Reservation last status: Canceled – booking was canceled by the customer, Check-Out – customer has checked in but already departed, No-Show – customer did not check-in and did inform the hotel of the reason why			
reservation_status_date	Date	Date at which the last status was set. This variable can be used in conjunction with the Reservation Status to understand when the booking was canceled or when did the customer checked-out of the hotel			

## 1.2 Methodology

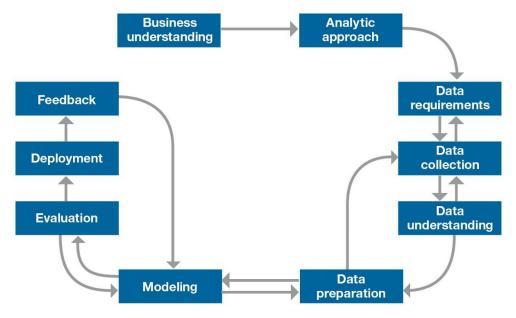


Figure 1.2 The process of methodology

## 1.3 Import package and data

Using these packages down here to do the analytics for the data

- + Package for processing analyze data
- Numpy
- Pandas
- Mathplotlib.pyplot
- Seaborn
- Datetime
- + Package for prediction
- From dateutil.relativedelta import relativedelta

- From sklearn.neighbors import KNeighborsClassifier
- From sklearn import svm
- From sklearn.tree import DecisionTreeClassifier
- From sklearn.ensemble import RandomForestClassifier
- From sklearn.metrics import confusion\_matrix
- + Package for clustering
- From sklearn.cluster import KMeans
- From scipy.cluster.hierarchy import dendrogram, linkage, fcluster

Figure 1.3: Dataset describe

## II. Exploratory data analysis (EDA)

Check data information and describing to know how many columns are numeric, categories and other type. The result gives:

Numeric columns	Categories columns
lead_time	hotel
arrival_date_year	is_cancled
arrival_date_week_number	arrival_date_month
arrival_date_day_of_month	meal
stays_in_weekend_nights	country
stays_in_week_nights	market_segment
adults	distribution_channel
Children	is_repeated_guest
Babies	reserved_room_type
previous_cancellations	assigned_room_type
previous_bookings_not_canceled	deposit_type
Agent	company
days_in_waiting_list	customer_type
adr	reservation_status
required_car_parking_spaces	
total_of_special_requests	
booking_changes	

Table 2: Categorize Numerical data and Categorical data

Convert month from category to numeric for easy comparison. Then, combine the day month - year that the guest came in in the format %y-%m-%d.

Convert month type: STR -> INT

```
hotel['arrival_date_month'] = hotel['arrival_date_month'].apply(datetime.strptime,args = ("%B",))
hotel['arrival_date_month']
       1900-07-01
       1900-07-01
2
       1900-07-01
        1900-07-01
3
        1900-07-01
119385 1900-08-01
119386
        1900-08-01
119387 1900-08-01
119388 1900-08-01
119389 1900-08-01
Name: arrival_date_month, Length: 119390, dtype: datetime64[ns]
```

Figure 2.1: Changing from string to integer form of "arrival date month"

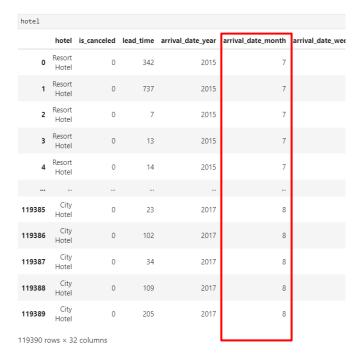


Figure 2.2: Final transform "arrival date month" to integer

```
num=["arrival_date_year","arrival_date_month","arrival_date_day_of_month"]
hotel['arrival_date'] = hotel[num].apply(lambda x: '-'.join(x.values.astype(str)), axis="columns")
hotel['arrival_date']=pd.to_datetime(hotel['arrival_date'])
hotel['arrival_date']
0
        2015-07-01
        2015-07-01
1
2
         2015-07-01
3
         2015-07-01
4
        2015-07-01
        2017-08-30
119385
119386
        2017-08-31
119387
        2017-08-31
119388
        2017-08-31
119389 2017-08-29
Name: arrival_date, Length: 119390, dtype: datetime64[ns]
```

Figure 2.3: Transform to "%y - %m - %d" format

Similarly, separate the date-month-year of reservation-status-date.

```
hotel['reservation_status_date'].describe
<bound method NDFrame.describe of 0</pre>
                                             01/07/2015
1
          01/07/2015
2
          02/07/2015
          02/07/2015
4
          03/07/2015
119385
          06/09/2017
          07/09/2017
119386
119387
         07/09/2017
119388
          07/09/2017
119389
         07/09/2017
Name: reservation_status_date, Length: 119390, dtype: object>
```

```
hotel['reservation_status_date'] = pd.to_datetime(hotel['reservation_status_date'], format = '%d/%m/%Y')
hotel['reservation_status_date']
0
          2015-07-01
1
          2015-07-01
2
          2015-07-02
3
          2015-07-02
4
          2015-07-03
119385 2017-09-06
119386 2017-09-07
119387
         2017-09-07
119388
          2017-09-07
119389 2017-09-07
Name: reservation_status_date, Length: 119390, dtype: datetime64[ns]
hotel['reservation_month'] = hotel['reservation_status_date'].dt.month
hotel['reservation_day'] = hotel['reservation_status_date'].dt.day
hotel['reservation_year'] = hotel['reservation_status_date'].dt.year
```

Figure 2.4: Separate "reservation\_status\_date" to "day", "month", "year" invidually columns

Finally, perform new data information with 36 columns adding 4 columns such as arrival\_date, reservation\_month, reservation\_day, reservation\_year.

```
Non-Null Count
# Column
                                                           Dtype
     hotel
                                        119390 non-null object
                                       119390 non-null int64
1 is_canceled
2 lead_time
                                       119390 non-null
3 arrival date year
                                       119390 non-null
4 arrival_date_month
                                        119390 non-null
                                                            int64
                                       119390 non-null
5 arrival_date_week_number
                                                            int64
6 arrival_date_day_of_month
                                        119390 non-null
                                                            int64
    stays_in_weekend_nights
                                       119390 non-null
                                                            int64
8 stays_in_week_nights
                                        119390 non-null
                                                            int64
     adults
                                        119390 non-null
                                                            int64
10 children
                                        119386 non-null
                                                            float64
11 babies
                                        119390 non-null
                                                            int64
                                       119390 non-null
12 meal
                                                            object
118902 non-null object
118902 non-null object
15 distribution_channel 119390 non-null object
16 is_repeated_guest 119390 non-null int64
17 previous_cancellations 119390 non-null int64
18 previous_bookings_cci
18 previous_bookings_not_canceled 119390 non-null
                            119390 non-null object
119390 non-null object
19 reserved_room_type
20 assigned_room_type
                                      119390 non-null
119390 non-null
103050 non-null
21 booking_changes
                                                           int64
22 deposit_type
                                                            object
23 agent
                                                            float64
24 company
                                       6797 non-null floate
119390 non-null int64
                                                            float64
25 days_in_waiting_list
                                       119390 non-null object
26 customer_type
                                        119390 non-null
27 adr
                                                            float64
28 required car parking spaces
                                        119390 non-null
                                                            int64
29 total_of_special_requests
                                        119390 non-null
                                                            int64
30 reservation_status
                                       119390 non-null object
                                      119390 non-null object
119390 non-null datetime64[ns]
119390 non-null datetime64[ns]
119390 non-null int64
31 reservation_status_date
32 arrival_date
33 reservation_month
34 reservation_day
                                        119390 non-null
35 reservation_year
                                        119390 non-null int64
dtypes: datetime64[ns](2), float64(4), int64(20), object(10)
memory usage: 32.8+ MB
```

Figure 2.5: Final dataset describe

### 2.1 Missing Data

First, check the total number of null values of the columns, then give the result:

```
adults
children
                                      4
babies
                                      0
                                      0
meal
country
                                    488
market_segment
                                      0
distribution_channel
                                      0
is_repeated_guest
previous_cancellations
previous_bookings_not_canceled
reserved_room_type
assigned_room_type
                                      0
booking_changes
                                      0
                                     a
deposit_type
                                  16340
agent
                                 112593
company
days_in_waiting_list
```

Figure 2.1.1: Sum of missing value of missing data

#### Summarize Table:

Columns	Total null
children	4
country	488
agent	16340
company	112593

The first is about the "children" column. After describing value counts, we decided to fill missing value with median of "0" to avoid calculating bias.

```
[ ] children_mean = hotel['children'].mean()
    children_mean

0.10388990333874994

outling children_mode = hotel['children'].mode()
    children_mode

children_mode

children_median = hotel['children'].median()
    children_median

0.0

[ ] hotel["children"].replace(np.nan, children_median, inplace=True)
    hotel['children'].unique()
```

Figure 2.1.2: Mean, Mode, Median of "Children", and replace "NaN"

Secondly, it's about "agent". Similar to "children" we also decided to fill missing value equal to median.

```
agent_mean = hotel['agent'].mean()
agent_mean

    86.69338185346919

agent_mode = hotel['agent'].mode()
agent_mode

0    9.0
dtype: float64

[ ] agent_median = hotel['agent'].median()
agent_median
14.0

[ ] hotel['agent'] = hotel['agent'].fillna(agent_median)
hotel['agent'].unique()
```

Figure 2.1.3: Mean, Mode. Median of "Agent", and fill the missing value

Thirdly, it's about "country". Since it is a character format, it is impossible to rely on mode or mean because there is no basis, so we decided to fill the missing value by using the previous value as the standard to fill in.

```
hotel['country'].fillna(method='ffill',inplace=True)
hotel['country'].unique()
```

Figure 2.1.4: Fill "Country" column by ffill method

Especially here is the column "company" the total number of null values makes up 112593/119390 percent of the values, making up the majority of the data, so we decided not to manually fill the column with values instead. value "NaN" to value "0" for convenience in normalization step

```
hotel['company'].replace(np.nan, 0, inplace = True)
hotel['company'].unique()
```

Figure 2.1.5: Replace missing value of "Company" column

#### 2.2 Numeric Statistics

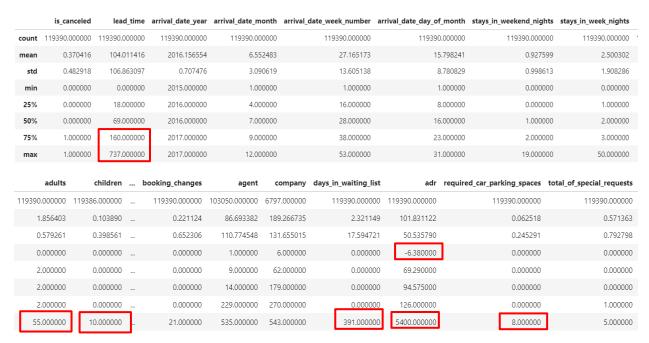


Figure 2.2.1: Outlier of "Adr" and "lead time"



Figure 2.2.2: Outlier of reservation\_year

#### 2.3 Outlier Detection

#### 2.3.1 lead\_time

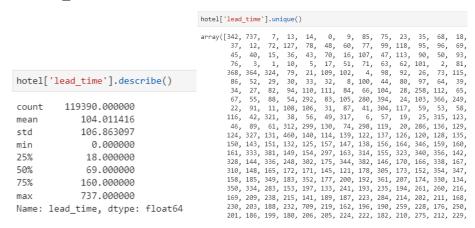


Figure 2.3.1.1: Detection Outlier of "lead time"

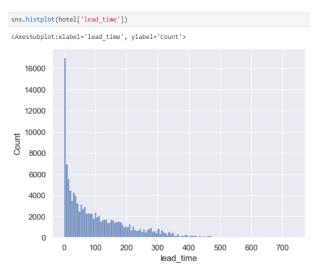


Figure 2.3.1.2: Visualize of "lead time" column

Lead time booking is unusual here that there are lead time up to more than 1 year.

```
hotel['lead_time'].value_counts()

0 6345
1 3460
2 2069
3 1816
4 1715
...

400 1
370 1
532 1
371 1
463 1
Name: lead_time, Length: 479, dtype: int64
```

Figure 2.3.1.3: Value counts of "lead time"

Unusually, when 600-620 is continuous, it jumps to 700. Filter "lead\_time" greater than 650 days



Figure 2.3.1.4: "lead time" > 650

#### 2.3.2 arrival\_date\_year

```
hotel['arrival date year'].value counts()
2016
        56707
2017
        40687
2015
        21996
Name: arrival_date_year, dtype: int64
hotel['arrival date year'].value counts(normalize=True)
2016
        0.474973
        0.340791
2017
2015
        0.184237
Name: arrival date year, dtype: float64
```

Figure 2.3.2.1: Value counts of "arrival date year"

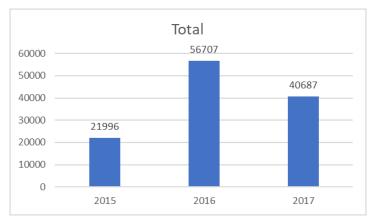


Figure 2.3.2.2: Visualize of "arrival\_date\_year"

The number of bookings over the years has fluctuated. The 2016 increase compared to 2015 and they in 2017 is less than 2016. However, because the period is from July 2015 to August 2017, only the year of 2016 is full of all booking information in 1 year.

#### 2.3.3 arrival\_date\_month

hotel['arri	<pre>val_date_month'].value_counts(</pre>	) hotel['arri	hotel['arrival_date_month'].value_counts(normalize=True)		
August	13877	August	0.116233		
July	12661	July	0.106047		
May	11791	,			
October	11160	May	0.098760		
April	11089	October	0.093475		
June	10939	April	0.092880		
September	10508	June	0.091624		
March	9794	September	0.088014		
February	8068	March	0.082034		
November	6794	February	0.067577		
December	6780	November	0.056906		
January	5929	December	0.056789		
Name: arriv	/al_date_month, dtype: int64	January	0.049661		

Figure 2.3.3.1: Value counts of "arrival date month"

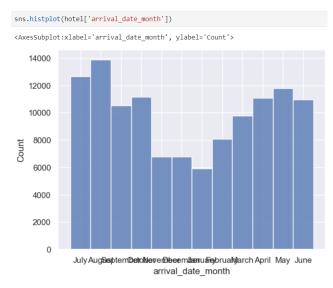
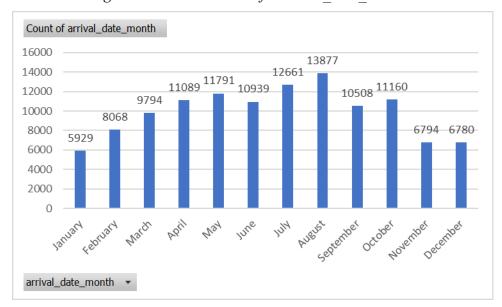


Figure 2.3.3.2: Visualize of "arrival date month"



According to the monthly booking chart, it can be seen that many customers book hotels at the end of the second quarter and the beginning of the third quarter of the year, it is considered summer and people tend to travel a lot.

#### 2.3.4 adult

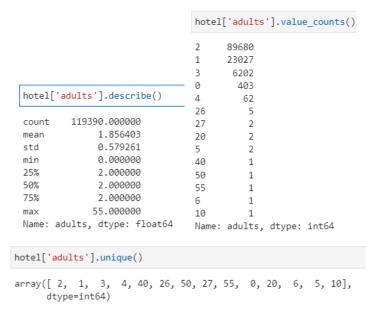


Figure 2.3.4.1: Value\_counts and describe of "adults"



*Figure 2.3.4.2: "Adults" > 30* 

"Adults" represent the normal case when it is possible to be a company group or a tour for more than 40 people.

#### 2.3.5 children

Checking in the "children" column, there is a maximum of 10 anomalies detected. For a better visualization of the data, the image below clearly shows it.

#### Children

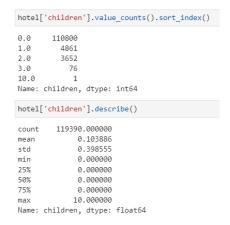




Figure 2.3.5.1: Value\_counts, describe of "children", and "children" > 3 "Children" has a case of 10 children but only 2 adults accompany them.

#### Visualization:

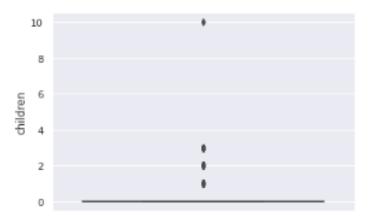


Figure 2.3.5.2: Scatterplot of "children"

#### **2.3.6** *babies*

Checking in the "Babies" column, the anomaly is detected up to a maximum of 10. To better visualize the data, the following figure clearly shows it.



Figure 2.3.6.1: Value\_counts of "babies", and "babies" >2

There are unusual cases when there are 9 and 10 babies while there are only 1 and 2 adults. It is possible that this is a case of a mistyped error.

#### Visualization:

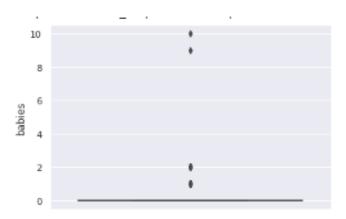


Figure 2.3.6.2: Scatter plot of "babies"

## 2.3.7 days\_in\_waiting\_list

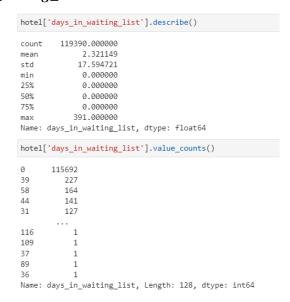


Figure 2.3.7.1: Describe and value counts of "day in waiting list"

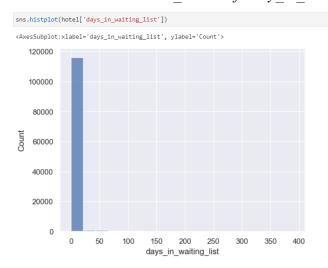


Figure 2.3.7.2: Histogram of "day\_in\_waiting\_list"

hotel.	otel.loc[lambda df: df['days_in_waiting_list'] > 300]#['is_canceled'].value_counts()								
	hotel	is_canceled	lead_time	arrival_date_year	arrival_date_month	arrival_date_week_number	arrival_date_day_of_month	stays_in_weekend_nights	stays_in_week_nights
56957	City Hotel	1	422	2016	9	38	16	0	2
56958	City Hotel	1	422	2016	9	38	16	0	2
56959	City Hotel	0	422	2016	9	38	16	0	2
56960	City Hotel	0	422	2016	9	38	16	0	2
56961	City Hotel	1	422	2016	9	38	16	0	2
59434	City Hotel	1	464	2016	10	44	28	0	2
59435	City Hotel	1	464	2016	10	44	28	0	2
59444	City Hotel	1	464	2016	10	44	28	0	2
59450	City Hotel	1	464	2016	10	44	28	0	2
59454	City Hotel	1	464	2016	10	44	28	0	2

75 rows × 49 columns

Figure 2.3.7.3: "day\_in\_waiting\_list" >300

Figure 2.3.7.4: "day in waiting list" and "is canceled" value counts

The "days\_in\_waiting\_list" column, after checking, can be considered as normal cases and can also be considered the characteristics of guests who cancel rooms that are waiting too long.

#### 2.3.8 adr

Checking in the "adr" column, there is a maximum of 10 anomalies detected. Testing with conditions negative value and value is greater than 600, 2 observations appear. To get a better idea of the data, there is a picture below that clearly shows it.

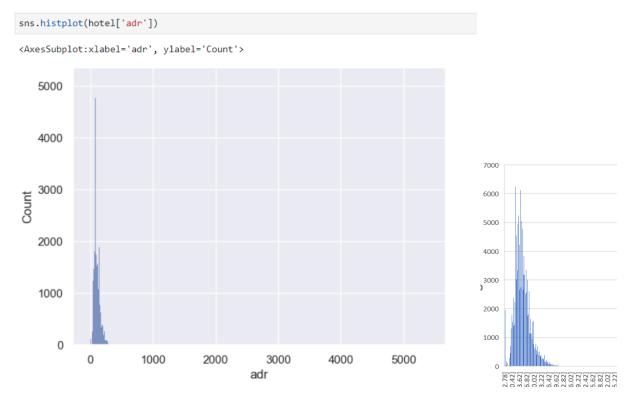


Figure 2.3.8.1: Histogram of "adr"

Hotels provide a variety of accommodation types and dining options. Prices vary widely because a variety of seasonal factors have a role.



Figure 2.3.8.2: "adr" > 600

"adr" cannot be negative so it will be detected. One case is that the "adr" is too high 5400 while there are only 2 adults and only "stays\_in\_week\_nights" is 1 day which is considered abnormal so it will be removed.

#### Visualization:

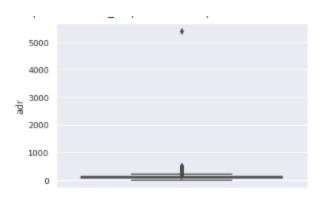


Figure 2.3.8.3: Scatter plot of "adr"

## 2.3.9 required\_car\_parking\_spaces

#### Required\_car\_parking\_spaces

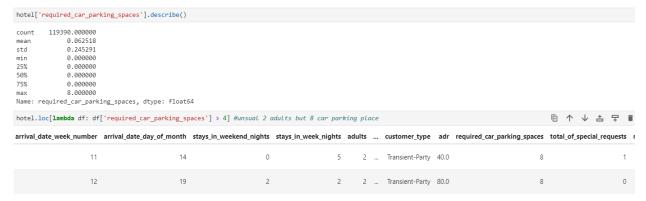


Figure 2.3.9.1: "required car parking spaces" > 4

Checking in the column "requirecd\_car\_parking\_spaces" found an anomaly of maximum 8. For a better visualization of the data, the following figure clearly shows it.

#### Visualization:

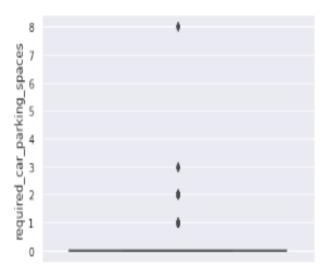


Figure 2.3.9.2: Scatter plot of "required car parking spaces"

There are 2 unusual cases with "required\_car\_parking\_spaces" of 8 seats while there are only 2 adults, so these 2 bookings will be removed.

#### 2.3.10 reservation\_status\_date

reservation\_status\_date is the date at which the last status was set. This variable can be used in conjunction with the Reservation Status to understand when the booking was canceled or when the customer checked-out of the hotel.

	hotel	is_canceled	lead_time	arrival_date_year	arrival_date_month	arrival
1545	Resort Hotel	1	297	2015	9	
73714	City Hotel	1	265	2015	7	
73715	City Hotel	1	258	2015	7	
73716	City Hotel	1	258	2015	7	
73717	City Hotel	1	258	2015	7	
73890	City Hotel	1	321	2015	9	
73891	City Hotel	1	321	2015	9	
73892	City Hotel	1	321	2015	9	
73893	City Hotel	1	321	2015	9	
73894	City Hotel	1	321	2015	9	

Figure 2.3.10.1: "reservation year" < 2015

```
hotel.loc[lambda s: s['reservation_year'] <2015]['reservation_status'].value_counts()

Canceled 181

Name: reservation_status, dtype: int64
```

Figure 2.3.10.2: "reservation\_year < 2015" and "reservation\_status" value counts

All cases of reservation\_status\_date is canceled status, so this is considered normal
because the customer in 2014 made a reservation for 2015 and made a cancellation in 2014.

#### 2.3.11 reservation year

After checking all "arrival\_year" there are no data lines < 2015 but when checking "reservation\_year" there is an amount of data < 2015, but arrival year > reservation year, so I decided This is an anomaly of the dataset

#### 2.3.12 consistency between the arrival date and the reservation status date

After completing the check of the available columns of the data set, we move on to the next step of creating new labels to check the consistency of the arrival - departure - stay dates, or the number of rented car parks compared to number of adults to hire, will depend on the construction logic of the dataset how we will add new labels.

#### The labels we created:

- "Valid\_Check\_Out": This label will return a binary value of 0 and 1 under the condition that the required arrival date is less than the check-out date.
- "InValid\_Check\_Out": This label will be based on the "0" value of "Valid\_Check\_Out" to find out the wrong cases to remove.
- "number\_of\_day\_stays": This label will be the sum up of "Stays\_in\_weekend\_nights" and "Stays\_in\_week\_nights" to finalize the real validity of check out data.
- "validity": This label will be based on the condition "number\_of\_day\_stays" =
   "'number\_day\_in\_month\_of\_reservation\_date" and must add the condition
   "Valid\_Check\_Out" = 1. This will ensure that the Check-Out data is completely logical and logically correct.
- "Valid\_Canceled", "Invalid\_Canceled": the same to the "Valid\_Check\_Out"
- "Valid\_No\_Show", "Invalid\_No\_Show": the same to the "Valid\_Check\_Out"

Adding New Label - Check Validity: arrival datetime < reservation datetime

Figure 2.3.12.1: Label "Valid Check Out"

conditions = [ (hotel['reservation\_status'] == "Check-Out") & (hotel['arrival\_date\_year'] == hotel['reservation\_year']) & (hotel['arrival\_date\_month'] <= hotel['reservation\_month']) & (hotel['arrival\_date\_day\_of\_month'] < hotel['reservation\_day'])]

```
hotel['Valid_Check_Out'] = hotel['Valid_Check_Out'].astype(int)
hotel['Valid_Check_Out'].value_counts()
    66273
    53117
Name: Valid_Check_Out, dtype: int64
Invalid_Checkout Label
condition = [
        (hotel['reservation_status'] == "Check-Out") & (hotel['Valid_Check_Out'] == 0)
letter = ['1']
hotel['InValid_Check_Out'] = np.select(condition,letter)
hotel['InValid_Check_Out'] = hotel['InValid_Check_Out'].astype(int)
hotel['InValid_Check_Out'].value_counts()
    110497
1
      8893
Name: InValid_Check_Out, dtype: int64
```

Figure 2.3.12.2: Label "InValid\_Check\_Out"

#### Valid\_Canceled Label

```
condition2 = [
       (hotel['reservation_status'] == "Canceled") & (hotel['arrival_date_year'] == hotel['reservation_year']) & (hotel['
  letter2 = ['1']
hotel['Valid_Canceled'] = np.select(condition2,letter2)
: hotel['Valid_Canceled'] = hotel['Valid_Canceled'].astype(int)
: hotel['Valid_Canceled'].value_counts()
: 0
     84436
      34954
  Name: Valid_Canceled, dtype: int64
  Invalid_Canceled Label
 condition3 = [
      (hotel['reservation_status'] == 'Canceled') & (hotel['Valid_Canceled'] == 0)
  letter3 = ['1']
: hotel['Invalid_Canceled'] = np.select(condition3, letter3)
: hotel['Invalid_Canceled'] = hotel['Invalid_Canceled'].astype(int)
: hotel['Invalid_Canceled'].value_counts()
: 0 111327
         8063
```

Figure 2.3.12.3: Label "Valid Canceled: and "Invalid Canceled"

```
condition2 = [(hotel['reservation_status'] == "Canceled") & (hotel['arrival_date_year'] == hotel['reservation_year']) & (hotel['arrival_date_month'] >= hotel['reservation_month'] & (hotel['arrival_date_day_of_month'] >= hotel['reservation_day']))] condition3 = [(hotel['reservation_status'] == 'Canceled') & (hotel['Valid_Canceled'] == 0)]
```

#### 2.3.13 Number of adults compare to the require car parking spaces

The number of adults compared to the enquired parking spaces: We will consider this condition further because there are cases where the parking lot is rented more than the number of adults renting the room. As far as I know, the price of parking in foreign countries is relatively high, so renting an additional parking space doesn't make any sense, so I consider this an anomaly in the data set and decided to be conditional. the number of rented parking spaces must be less than or equal to the number of adults renting the room.

<pre>x = hotel['required_car_p hotel.loc[x,['required_ca</pre>		_	
required_car_parkir	ng_spaces	adults	
0	0	2	
1	0	2	
2	0	1	
3	0	1	
4	0	2	
119385	0	2	
119386	0	3	
119387	0	2	
119388	0	2	
119389	0	2	
119390 rows × 2 columns			

Figure 2.3.13.1: "Require car parking spaces" vs "adults"

hotel.loc[lambda df: df['required_car_parking_spaces'] <= hotel['adults']]							
	hotel	is_canceled	lead_time	arrival_date_year	arrival_date_month	arrival_date_we	
0	Resort Hotel	0	342	2015	7		
1	Resort Hotel	0	737	2015	7		
2	Resort Hotel	0	7	2015	7		
3	Resort Hotel	0	13	2015	7		
4	Resort Hotel	0	14	2015	7		
			***				
119385	City Hotel	0	23	2017	8		
119386	City Hotel	0	102	2017	8		
119387	City Hotel	0	34	2017	8		
119388	City Hotel	0	109	2017	8		
119389	City Hotel	0	205	2017	8		
119374 rd	ows × 49	oclumns					

Figure 2.3.13.2: "Require car parking spaces" <= "adults"

#### 2.3.14 Final detection - Perform new data

Here, we will remove the outliers and will keep the reasonable values to complete the final, and most accurate data set.

Here is the filter condition:

```
hotel_new =(hotel
.loc[lambda df: df['children'] <3]
.loc[lambda df: df['required_car_parking_spaces'] < 8]
.loc[lambda df: df['lead_time'] < 650]
.loc[lambda df: df['adr'] <= 600]
.loc[lambda df: df['adr'] > 0]
.loc[lambda df: df['babies'] <= 2]
.loc[lambda df: df['reservation_year'] > 2014]
.loc[lambda df: df['Invalid_Canceled'] == 0]
.loc[lambda df: df['Invalid_Check_Out'] == 0]
.loc[lambda df: df['Invalid_No_Show'] == 0]
)
hotel_new = hotel_new.loc[lambda df: df['required_car_parking_spaces'] <= hotel_new['adults']]
hotel_new
```

Figure 2.3.14.1: Remove Outlier

The last data set is completed, the number of rows is 101161 and the number of columns is increased to 49

```
hotel new.info()
<class 'pandas.core.frame.DataFrame'>
Int64Index: 101161 entries, 2 to 119177
Data columns (total 49 columns):
# Column
                                          Non-Null Count
                                                          Dtype
                                          101161 non-null object
    is canceled
                                           101161 non-null
    lead time
                                          101161 non-null int64
    arrival date vear
                                          101161 non-null
   arrival_date_month
                                          101161 non-null int64
                                                                   29 total_of_special_requests
                                                                                                                  101161 non-null int64
    arrival_date_week_number
                                          101161 non-null int64
    arrival_date_day_of_month
                                          101161 non-null int64
                                                                  30 reservation status
                                                                                                                 101161 non-null object
    stays_in_weekend_nights
                                          101161 non-null int64
                                                                  31 reservation_status_date
                                                                                                                  101161 non-null datetime64[ns]
    stays_in_week_nights
                                          101161 non-null int64
                                                                  32 arrival_date
                                                                                                                  101161 non-null datetime64[ns]
    adults
                                          101161 non-null int64
                                          101161 non-null int64 33 reservation_month
101161 non-null float64 34 reservation_day
                                                                                                                 101161 non-null int64
10 children
                                                                                                                 101161 non-null int64
    babies
                                          101161 non-null int64
                                          101161 non-null object 35 reservation_year
                                                                                                                  101161 non-null int64
12 meal
                                                                  36 Valid_Check_Out
                                                                                                                  101161 non-null int32
                                          101161 non-null object
13 country
                                          101161 non-null object 37 InValid Check Out
                                                                                                                 101161 non-null int32
14 market segment
                                          101161 non-null object 38 Valid_Canceled
15 distribution_channel
                                                                                                                101161 non-null int32
16 is_repeated_guest
                                          101161 non-null int64
                                                                 39 Invalid_Canceled
40 Valid_No_Show
                                                                                                                  101161 non-null int32
17
    previous_cancellations
                                          101161 non-null
                                                          int64
                                                                                                                 101161 non-null int32
18 previous_bookings_not_canceled
                                          101161 non-null int64
                                          101161 non-null object 41 Invalid_No_Show
                                                                                                                101161 non-null int32
19
    reserved_room_type
                                          101161 non-null object 42 Total_Number_Visitors
                                                                                                                101161 non-null int32
   assigned_room_type
                                                                  43 No.#
                                                                                                                  101161 non-null int64
21
                                          101161 non-null int64
    booking changes
                                          101161 non-null object 44 number_of_day_stays
                                          101161 non-null object 44 number_of_day_stays 101161 non-null int64
101161 non-null float64 45 number_day_in_month_of_arrival_date 101161 non-null int64
22 deposit_type
 23
    agent
                                          101161 non-null float64 46 number_day_in_month_of_reservation_date 101161 non-null int64
24
   company
                                          101161 non-null int64 47 real_stay_days
 25
    days_in_waiting_list
                                                                                                                   101161 non-null int64
 26
   customer_type
                                          101161 non-null float64 48 validity
                                                                                                                  101161 non-null int32
 27
    adr
                                          101161 non-null int64 itypes: datetime64[ns](2), float64(4), int32(8), int64(25), object(10)
   required car parking spaces
```

Figure 2.3.14.2: Hotel\_new dataset describe

## 2.4 Categories Statistics

We also look at all categorical data including hotel, meal, market\_segment, distribution\_channel, is\_repeated\_guest, reserved\_room\_type, assigned\_room\_type, deposit\_type, customer\_type, is\_repeated\_guest, reservation\_status

For undefined values, we decided to keep it as there is no basis to remove it and no basis to add another value. So, keeping "Undefined" is reasonable in this case with catergorical data.

#### 2.4.1 hotel

```
hotel['hotel'].value_counts()

City Hotel 79330
Resort Hotel 40060
Name: hotel, dtype: int64

hotel['hotel'].value_counts(normalize=True)

City Hotel 0.664461
Resort Hotel 0.335539
Name: hotel, dtype: float64
```

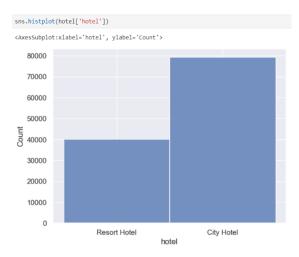
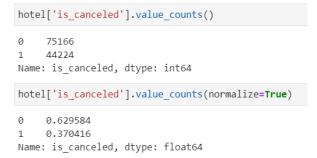


Figure 2.4.1.1: Column "Hotel" value counts and visualization Customers prefer "City Hotel" over "Resort Hotel".

#### 2.4.2 is\_canceled



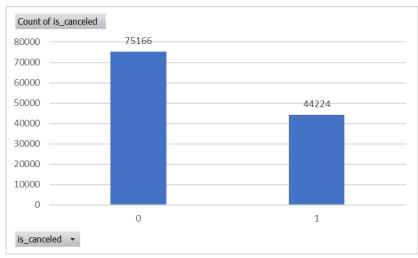


Figure 2.4.2.1: Describe "is\_canceled" column

Approximately 37.04% cancellations of the total number of online bookings are quite high. This needs to be addressed to minimize costs and help hoteliers get a good source of revenue.

#### 2.4.3 meal

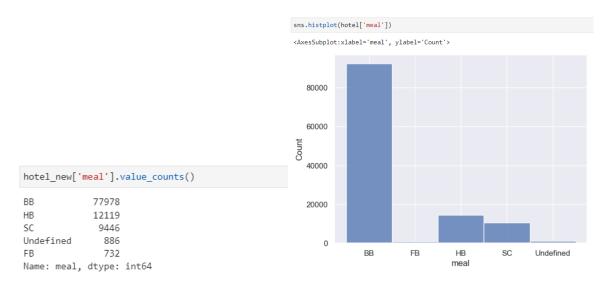


Figure 2.4.3.1: Describe" meal" column

Everyone used the BB -  $Bed\ \&\ Breakfast\ meal$  the most, and the SC - no meal package the least.

#### **2.4.4** *country*

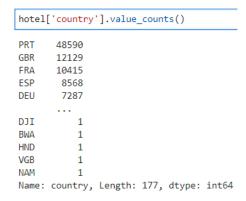


Figure 2.4.4.1: Describe country column

Customers come from different territories and countries.

### 2.4.5 market\_segment

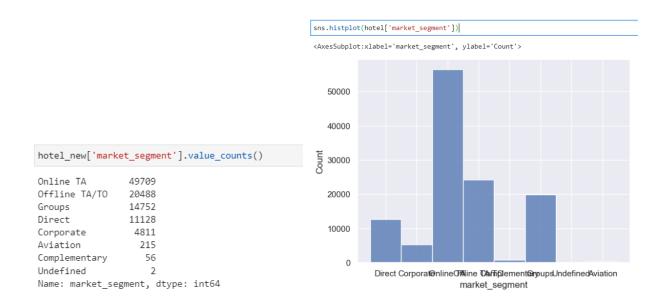


Figure 2.4.5.1: Describe "country" column

Customers prefer to book online more.

#### 2.4.6 distribution\_channel

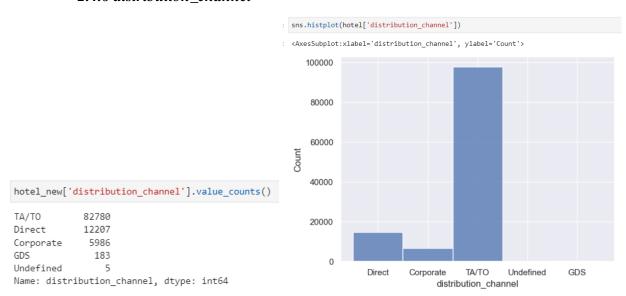


Figure 2.4.6.1: Describe "distribution channel" column

Large numbers of customers are booked through Travel Agents and Tour Operators. This can prove to be normal for adults up to 40 people.

#### 2.4.7 is\_repeated\_guest

```
hotel_new['is_repeated_guest'].value_counts()

0 98310 0 0.968088
1 2851 1 0.031912

Name: is_repeated_guest, dtype: int64 Name: is_repeated_guest, dtype: float64
```

Figure 2.4.7.1: Describe "is repeated guest" column

It can be seen that there are very few returning customers, only 0.03%. The hotel should check and upgrade the service to be able to attract old customers.

#### 2.4.8 reserved\_room\_type and assigned\_room\_type



Figure 2.4.8.1: Describe "reserved\_room\_type" and "assigned\_room\_type" column

The hotel offers many different types of rooms at different prices.

#### 2.4.9 booking\_changes

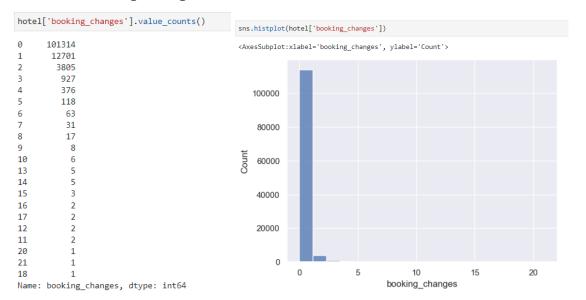


Figure 2.4.9.1: Describe "booking changes" column

### 2.4.10 deposit\_type



Figure 2.4.10.1: Describe "deposit type" column

Customers prefer booking without deposit.

#### 2.4.11 customer\_type

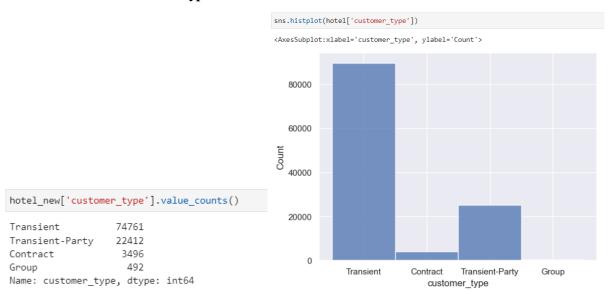


Figure 2.4.11.1: Describe "customer type" column

Transient customers are the largest and Contract customers are the least.

#### 2.4.12 reservation\_status



Figure 2.4.12.1: Describe "reservation status" column

The situation of cancellation before the date of arrival is quite a lot.

## III. Modeling

## 3.1 Featuring Engineering

First to be able to do Z-Normalize, we need to convert all the data to integers. At this point, the new data set can be normalized. To do this, we need one more step called "Feature Engineering".

To do this step we have to select the columns containing the categories that have not been transformed (I set it to onehot\_cols, because I will use one\_hot coding to convert from categories to dummies values, which is 0 and 1), the columns that you do not. want to transform for formatting and some comparison reasons (I call it meta\_cols), and the rest is other\_cols. Then we have a completely new dataset, then we will create a separate set consisting of onehot\_cols, other\_cols and Label is 1 column in "meta\_cols"

#### **Featuring Engineering**

Figure 3.1.1: Feature Engineering

Then normalize with "feat" (the set of onehot\_cols and other\_cols) according to the formula z-normalize

#### 3.2 Z - Normalization

### Z - Normalization

```
hotel_clean[feat].info()
<class 'pandas.core.frame.DataFrame'>
Int64Index: 101161 entries, 2 to 119177
Columns: 251 entries, hotel City Hotel to is repeated guest
dtypes: float64(4), int32(1), int64(24), uint8(222)
memory usage: 44.2 MB
hotel_clean[feat].columns
Index(['hotel_City Hotel', 'hotel_Resort Hotel', 'meal_BB', 'meal_FB',
       'meal_HB', 'meal_SC', 'meal_Undefined', 'country_ABW', 'country_AGO',
       'country_AIA',
       'total_of_special_requests', 'reservation_month', 'reservation_day',
       'reservation_year', 'Total_Number_Visitors', 'number_of_day_stays',
       'number_day_in_month_of_arrival_date',
       'number_day_in_month_of_reservation_date', 'real_stay_days',
       'is_repeated_guest'],
      dtype='object', length=251)
feat_z = (hotel_clean[feat] - hotel_clean[feat].mean()) / hotel_clean[feat].std()
hotel_z = pd.concat([hotel_clean[meta_cols],feat_z], axis=1)
hotel_z.info()
hotel_z.head()
<class 'pandas.core.frame.DataFrame'>
Int64Index: 101161 entries, 2 to 119177
Columns: 261 entries, No.# to is_repeated_guest
dtypes: datetime64[ns](2), float64(251), int32(7), int64(1)
memory usage: 199.5 MB
```

Figure 3.2.1: Hotel\_clean[feat] and hotel\_z

```
feat_z = (hotel_clean[feat] - hotel_clean[feat].mean()) / hotel_clean[feat].std()
hotel_z = pd.concat([hotel_clean[meta_cols],feat_z], axis=1)
hotel_z.info()
hotel_z.head()
<class 'pandas.core.frame.DataFrame'>
Int64Index: 101161 entries, 2 to 119177
Columns: 261 entries, No.# to is_repeated_guest
dtypes: datetime64[ns](2), float64(251), int32(7), int64(1)
memory usage: 199.5 MB
   No.# arrival_date reservation_status_date Valid_Check_Out Valid_Canceled Invalid_Cancele
2
       3 2015-07-01
                                 2015-07-02
                                                                         0
3
      4 2015-07-01
                                 2015-07-02
                                                                         0
          2015-07-01
                                 2015-07-03
                                                          1
                                                                         0
5
          2015-07-01
                                 2015-07-03
                                                                         0
                                                                         0
6
          2015-07-01
                                 2015-07-03
5 rows × 261 columns
```

Figure 3.2.2: hotel\_z information

```
hotel_z.describe()
                       Valid_Check_Out Valid_Canceled Invalid_Canceled Valid_No_Show Invali
 count 101161.000000
                                        101161.000000
                                                                          101161.000000
                         101161.000000
                                                               101161.0
 mean
         59851.486571
                              0.644745
                                              0.343601
                                                                    0.0
                                                                               0.011655
         34781.274899
                              0.478593
                                             0.474912
                                                                    0.0
                                                                               0.107326
   std
  min
             3.000000
                              0.000000
                                              0.000000
                                                                    0.0
                                                                               0.000000
         29854.000000
                              0.000000
                                              0.000000
                                                                    0.0
                                                                               0.000000
  25%
  50%
         58750.000000
                              1.000000
                                              0.000000
                                                                    0.0
                                                                               0.000000
         90720.000000
                              1.000000
                                              1.000000
                                                                    0.0
                                                                               0.000000
                              1.000000
  max 119178.000000
                                              1.000000
                                                                    0.0
                                                                               1.000000
8 rows × 259 columns
hotel z.info()
<class 'pandas.core.frame.DataFrame'>
Int64Index: 101161 entries, 2 to 119177
Columns: 261 entries, No.# to is_repeated_guest
dtypes: datetime64[ns](2), float64(251), int32(7), int64(1)
memory usage: 199.5 MB
```

*Figure 3.2.3: hotel\_z describes* 

# IV. Principal component analysis (PCA)

Due to too many columns, we decided to do PCA to find the column containing the most data and important information. Because of the normalization above, the data set has been homogenized above, and we can continue to use the new data set to continue doing PCA.

Then we continue with the next step which is to do the covariance matrix to find out the correlation between the columns of the data set

Covariance matrix: quantity that reflects the degree of linear correlation between two variables and is calculated using the formula. For the first line of code, we decided to keep the columns with formats other than int and float

```
feats = [col for col in hotel z.columns if col not in ['No.#', 'reservation status date', 'arrival date']]
  feats
: ['Valid_Check_Out',
   'Valid_Canceled',
   'Invalid_Canceled',
   'Valid_No_Show',
   'Invalid No Show',
   'InValid_Check_Out',
   'validity',
   'hotel City Hotel',
   'hotel_Resort Hotel',
   'meal_BB',
   'meal_FB',
   'meal_HB',
   'meal SC',
   'meal_Undefined',
   'country_ABW',
   'country_AGO',
   'country_AIA',
   'country_ALB',
   'country_AND',
   'country_ARE',
   'country_ARG',
   'country_ARM',
   'country_ASM',
   'country_ATA',
```

Figure 4.1: exclude columns in PCA

```
cov_matrix = np.cov(hotel_z[feats], rowvar=False)
cov_matrix
array([[ 0.22905129, -0.22153692, 0.
                                          , ..., -0.04140178,
      0.13028356, 0.04257873],
[-0.22153692, 0.22554152, 0.
                                           , ..., 0.04498904,
       -0.12768355, -0.04310273],
      [0.,0.,0.
                                            , ..., 0.
                 , 0.
                               ],
      [-0.04140178, 0.04498904, 0.
                                            , ..., 1.
        0.01399933, -0.04573402],
      [ 0.13028356, -0.12768355, 0.
                                           , ..., 0.01399933,
      1. , 0.00179307],
[ 0.04257873, -0.04310273, 0.
                                           , ..., -0.04573402,
        0.00179307, 1. ]])
      eigen value and eigen vector
     eigen_values , eigen_vectors = np.linalg.eig(cov_matrix)
      eigen_values = eigen_values.real
     eigen_vectors = eigen_vectors.real
```

Figure 4.2: Covariance matrix and create eigen values, eigen vectors

### **Eigen\_values:**

Figure 4.3: Eigen\_values

## **Eigen\_vectors:**

Figure 4.4: Eigen\_vectors

## Sorting eigen\_values and eigen\_vectores in descending order

```
# sort the eigenvalues in descending order
sorted index = np.argsort(eigen values)[::-1]
sorted_eigenvalues = eigen_values[sorted_index]
# similarly sort the eigenvectors
sorted_eigenvectors = eigen_vectors[:, sorted_index]
sorted index
                                                          9, 10, 11, 12,
array([ 0, 1, 2, 3, 4, 5, 6, 7, 8,
        13, 14, 15, 16, 17, 29, 30, 31, 59, 60, 63, 65, 64, 66, 72, 73, 78, 79, 81, 82, 83, 85, 89, 92, 93, 96,
        97, 99, 100, 102, 104, 105, 106, 107, 108, 114, 115, 116, 118,
       119, 120, 121, 130, 135, 136, 137, 138, 139, 140, 142, 143, 144,
       146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158,
       159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 171, 170, 172, 173, 176, 177, 175, 174, 179, 180, 181, 182, 183, 184, 185,
       186, 187, 188, 189, 192, 193, 191, 190, 194, 195, 196, 197, 198,
       199, 200, 201, 202, 203, 204, 205, 209, 210, 208, 207, 206, 211,
       212, 213, 214, 215, 216, 218, 217, 219, 220, 224, 221, 225, 222,
       223, 226, 227, 228, 229, 230, 231, 232, 233, 234, 236, 237, 238,
       235, 240, 239, 241, 251, 254, 253, 252, 242, 250, 248, 249, 247,
       243, 244, 246, 245, 178, 145, 141, 134, 133, 132, 131, 129, 128,
       117, 113, 112, 111, 110, 109, 103, 101, 98, 95, 94, 91, 90,
        88, 87, 86, 84, 80, 77, 76, 75, 74, 71, 70, 69, 68,
        67, 62, 61, 40, 41, 44, 45, 43, 42, 39, 38, 34, 32,
       28, 33, 26, 27, 25, 24, 23, 22, 21, 20, 19, 18, 35, 36, 37, 48, 51, 49, 50, 52, 53, 122, 257, 255, 256, 54, 126, 125, 124, 127, 123, 57, 58, 56, 55, 46, 47], dtype=int64)
```

*Figure 4.5: Sorting in descending order* 

## Plot cumulative explained variance



Figure 4.6: Visualization of Cumulative Explained Variance

### We find out PCA dataframe

```
# PCA data frame
hotel_pca = hotel_z[feats].dot(sorted_eigenvectors) # project original data on the principal components
\verb|hotel_pca.columns| = ['PC' + str(x+1) | \textit{for} x | \textit{in} | hotel_pca.columns] | \textit{\# rename columns}|
hotel_pca[['No.#']] = hotel_z[['No.#']]
hotel_pca
              PC1
                        PC2
                                  PC3
                                            PC4
                                                      PC5
                                                                PC6
                                                                          PC7
                                                                                    PC8
                                                                                              PC9
                                                                                                       PC10 ...
                                                                                                                    PC250
                                                                                                                             PC251
                                                                                                                                       PC
      2 -1.043882
                  1.743644
                                       2.355438
                                                 1.008215
                                                           1.535136
                                                                      0.257465
                                                                               2.598177 -1.112684 -1.507343
                                                                                                                 -0.042547 0.049463
                                                                                                                                    -0.006
                             3.597238
                                                          -1.895088
                                                                      2.306118 -1.583642 -0.188132
                                                                                                   -0.128052 ...
      3 0.173164
                  0.793564
                              5.163778
                                        1.916626
                                                  0.726760
                                                                                                                 -0.042547
                                                                                                                           0.049463
                    1.491581
                              0.862608
                                       -0.554016
                                                 -0.813348
                                                           -0.266346
                                                                      1.561268
                                                                               -0.260356
                                                                                         -1.844859
                                                                                                    -0.394756
      5 -0.554890
                                       -0.554016 -0.813348 -0.266346
                                                                      1.561268 -0.260356 -1.844859
                                                                                                    -0.394756
                    1.491581
                              0.862608
                                                                                                                 -0.042547
                                                                                                                           0.049463
                                                                                                                                     -0.006
      6 -1.856173 2.722819
                              1.799955
                                       4.166288
                                                  1.587880
                                                            3.045634
                                                                      0.076141
                                                                                1.665194 -1.395372
                                                                                                   -2.489742
                                                                                                              ... -0.042547
                                                                                                                           0.049463 -0.006
0.753610 -0.949159
                                                                      0.228376
                                                                                0.736078 -1.365142
                                                                                                    2.066305 ... -0.042547 0.049463 -0.006
                                                                                          1.536708
119174 -2.951054 2.190851 -2.040585 -1.147071
                                                  1.059136 -0.711767 -1.399646
                                                                               -1.489437
                                                                                                   -0.626804
                                                                                                                 -0.042547 0.049463 -0.008
119175 -0.395026 -0.348096
                              1.122747 -3.769275
                                                  0.554105
                                                            0.430621
                                                                      2.255310
                                                                                0.782229
                                                                                          0.038391
                                                                                                    0.525010
                                                                                                                 -0.042547
119176 1.071397 -0.167565 2.971307 -1.190196 -1.746124 2.207781 -0.390983 -0.581171 0.184908
                                                                                                    1.070521 ... -0.042547 0.049463 -0.006
119177 -0.752354 -0.051244 0.601833 -3.946849 0.804496 -0.179920 2.869273 0.777805 -0.162467 0.743718 ... -0.042547 0.049463 -0.006
101161 rows × 259 columns
```

Figure 4.7: PCA Data frame

### Visualization:

### **About PC1 and PC2**

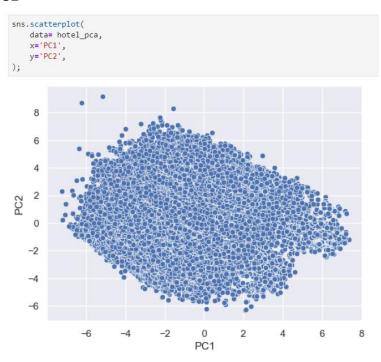


Figure 4.8: Scatter plot of PC1 and PC2

# About the "validity"

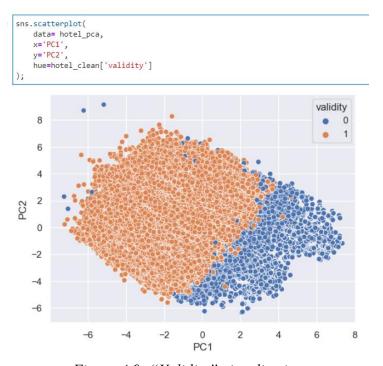


Figure 4.9: "Validity" visualization

Regarding the "validity" column calculation. This column shows the number of customers who have booked and will come to experience the room. According to the chart, more than 60% of customers who book a room will come to experience and check out. This is a good signal of the data set

#### About "is repeated guest"

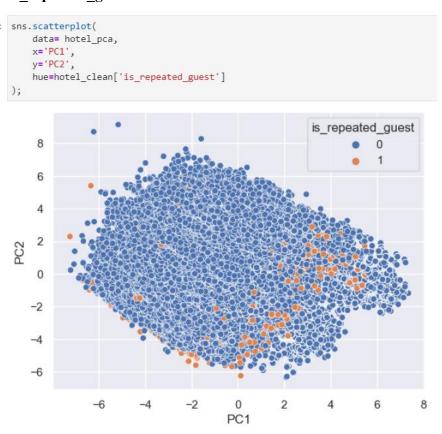


Figure 4.10: "is repeated guest" visualization

About calculating column "is\_repeated\_guest". This column shows the number of loyal customers. As the chart shows, very few points show that loyal customers return to book. This is both a good sign and a bad one. The good sign here is that the hotel has more new customer files, expands the customer file, and the revenue is not stagnant. The bad signal is that the number of loyal customers is too small, leading to customers who only come to experience once and never return.

# V. Clustering

We will use the PCA to clustering, and see the visualization through the scatter plot and histogram plot

#### 5.1 K - Mean

K-means clustering is a vector quantization method used to classify given data points into different clusters.

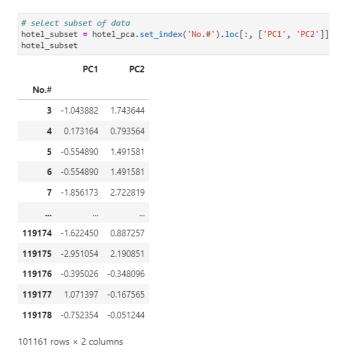


Figure 4.1.1: The subset of PC1 and PC2

#### Visualization:

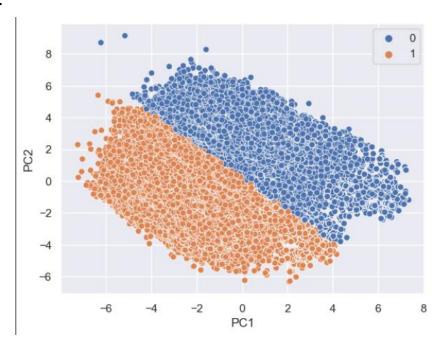


Figure 5.1.2: Visualization of K-Mean when clustering

### Parabola figure:

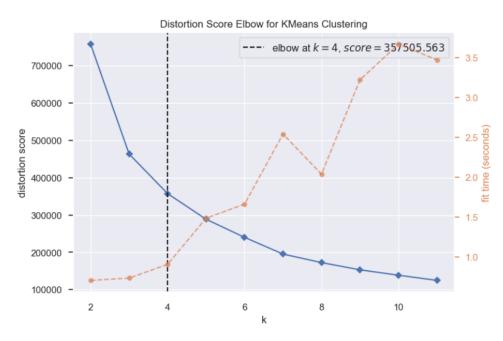


Figure 5.1.3: Parabola of K-Mean Method

With the parabola we will make the decision to choose k on the curvature of the parabola, which is k=4 (k is the number of cluster).



Figure 5.1.4: Parabola of K-Mean Method

Classify data in cluster and see the distribute:

```
plt.axes().set_facecolor("white")
pl = sns.countplot(
    x=hotel_subset['Cluster No.'],
    palette = ['firebrick']
)
pl.set_title("Distribution Of The Clusters", fontsize = 15)
pl.set_xlabel("Cluster")
pl.set_ylabel("Count")
plt.savefig('save.png', bbox_inches='tight')
plt.show()
```

#### Distribution Of The Clusters

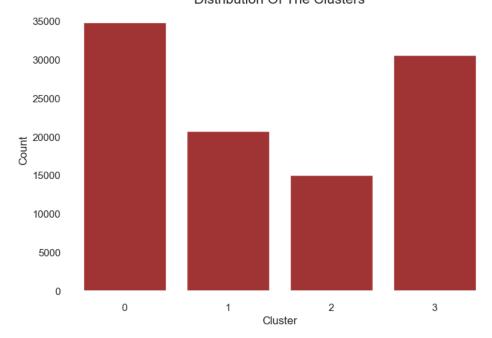


Figure 5.1.5: Parabola of K-Mean Method

We can see clearly that the distribution is quite equal in cluster 0 and 3, in cluster 1 and 2, but when compared 1 and 2 are smaller than the others.

### **5.2 Hierarchical**

In data mining and statistics, hierarchical clustering is a cluster analysis method that aims to build a hierarchy of clusters.

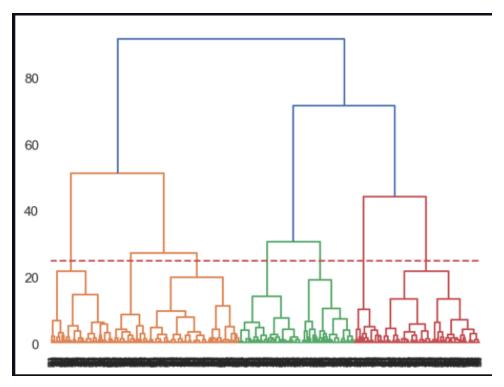


Figure 5.2.1: Hierarchical method plotting with y = 25

## Visualization:

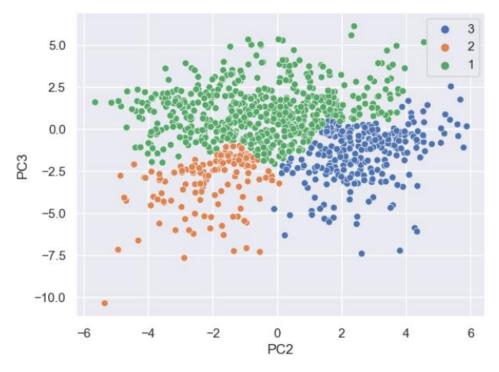


Figure 5.2.2: Scatter plot of subset PC1 and PC2 after clustering Similar to k-mean, hierarchical divide the data into 3 clusters.

# VI. Predicting

For the output of our analysis and prediction, we want to predict the percentage of a customer who makes a reservation, will come to check in and check out (i.e., the percentage that won't cancel the room).

We decided to split the data set into 2 parts:

- <u>Training data:</u> is the data set with the number of customers arriving less than December 31, 2016
- <u>Testing data:</u> is the data set with the number of daily arrivals greater than or equal to December 31, 2016

# Split Data

```
train=hotel_z.loc[lambda df: df['arrival_date']<'2016-12-31']
test=hotel_z.loc[lambda df: df['arrival_date']>='2016-12-31']
print(train.shape)
print(test.shape)
(68322, 261)
(32839, 261)
```

Figure 6: Split Data

Below are the methods we use for training as well as testing so that we can choose the method with the highest predictability to apply.

Model:

#### 6.1 KNN method

The abbreviation KNN stands for "K-Nearest Neighbour". It is a supervised machine learning algorithm. The algorithm can be used to solve both classification and regression problem statements. The number of nearest Neighbours to a new unknown variable that has to be predicted or classified is denoted by the symbol 'K'.

Applying in this dataset, and bring out the result in the figure below:

Figure 6.1: The result of KNN Method

We will calculate the recall, precision, and accuracy score of KNN Method

```
recall = recall_score(test[label_col], knn_predict)

precision = precision_score(test[label_col], knn_predict)

accuracy = accuracy_score(test[label_col], knn_predict)

print(f"Recal: {recall}")

print(f"Precision: {precision}")

print(f"Accuracy: {accuracy}")

✓ 0.1s

Recal: 0.8782353094191401

Precision: 0.7353793208599246

Accuracy: 0.7177169118263699
```

=> With a high RMSE score, we cannot consider this method for the prediction work.

#### 6.2 SVM method

SVM method is a concept in statistics and computer science for a set of interrelated supervised learning methods for classification and regression analysis. The standard form SVM takes input data and classifies it into two different classes.

Applying in this dataset, and bring out the result in the figure below:

Figure 6.2: The result of SVM Method

We will calculate the recall, precision, and accuracy of SVM Method

=> With a very small RMSE score, we can consider this method for the prediction work, and put it on the list. We continue to calculate RMSE and R2 score of all remain methods

#### **6.3 Tree Decision**

It is a decision support tool that uses decision tree models and their possible consequences, including chance event outcomes, resource and utility costs. It's a way to show an algorithm that contains only conditional control statements.

Figure 6.3: The result of Tree Decision

We will calculate the recall, precision, and accuracy score of Decision Tree Method

=> Decision Tree Method has an excellent score in RMSE, which is equal to 0. This mean Decision Tree Method has no wrong predict in prediction work, and we can high consider applying it in the model prediction customer behavior in Check\_Out percent.

#### **6.4 Forest Random**

A synthetic learning method for classification, regression and other tasks that works by building an infinite number of decision trees at the time of training. For classification tasks, the output of the random forest is the one chosen by most trees.

Figure 6.4: The result of Forest Random

The final one is Forest Method, with

=> Forest Method like the SVM Method but has higher 0.005 error

### **6.5 Summary**

Method	KNN	SVM	Tree Decision	Forest Random
Recal	0.8782	1.0	0.9998	1.0
Precision	0.7354	0.9999	1.0	0.9997
Accuracy	0.7177	0.9999	0.9999	0.9998

After the summarize, we will high consider in SVM Method, because it gives highest accuracy, precision and recal.

# VII. Feature Importance

We just consider the Tree Decision because we will use it to predict the label we want. In machine learning and statistics, feature extraction is a process of selecting a subset of related attributes for use in model building, and the most important source of information to predict the number of "validity" customers will book and come, is "reservation\_status\_Check\_Out" with a rate of up to 2.862104%

```
pd. Series (index=feat, \ data=svm\_model.coef\_[\theta]).sort\_values (ascending=False) \ \# \ svm\_model.coef\_[\theta]).sort\_values (ascending=False) \ \#
reservation_status_Check-Out 2.862104
reservation_month
reserved_room_type F
                                                                                                                                                                                                                      0.249917
assigned_room_type_F
                                                                                                                                                                                                                0.249917
country_FIN
                                                                                                                                                                                                                   0.238175
                                                                                                                                                                                                               -0.262391
reservation_year
                                                                                                                                                                                                                 -0.262391
arrival_date_year
reservation_status_No-Show
                                                                                                                                                                                                                -1.058653
reservation status Canceled
                                                                                                                                                                                                                  -1.803451
is canceled
                                                                                                                                                                                                                   -2.862104
 Length: 251, dtype: float64
```

Figure 7.1: The feature importance of Tree Decision

#### VIII. Conclusion

Through this dataset, we have gained a more sensitive EDA ability, understand more about the hotel management industry, and in parallel can apply the model to predict customers booking rooms, to produce results. Results what percentage they will come or cancel the room. Although the dataset has a few spots we still have not been able to work through, here's everything we considered and accomplished with the goal of being a "Clean data".

Besides, with this data hotel booking demand, each person will have a different approach, such as forecasting the number of guests in which winter, and which types of customers have high or low-price sensitivity. Our team decided to approach this dataset with a case study of hotel cancellation problems and apply machine learning to solve the problem.

To improve this situation, the hotel first checks the service quality of the room, whether it is clean or not, whether the interior is comfortable or not. Then, hotel owners should pay attention to the price offered for each type of customer coming from many different sources, but still balancing between the levels of service guests choose. Summer is the tourist season, so visitors must focus on this peak time. These things will help businesses build customer trust and satisfy customers, thereby having more customers return. Hotel owners can sell more bookings on online platforms to avoid unexpected cancellations. Besides, we also work with tourist offices to come up with reasonable terms on the contract.

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