

Hotel Booking Cancel Prediction

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Business Understanding

- A. Hotel booking cancellation impacts on the operation problem for the hotel.
- B. There is a problem with overbooking for the hotels which lead to loss of sales and fall in customer loyalty
- C. And customer is accustomed to free cancellation policies, which impact the loss of sales and fall in business reputation.

Problem Statement

- A. In order to fight the negative effects of cancellation, hotels need to be able to identify which booking are likely to be cancelled.
- B. Does Leadtime and Market segment related to booking cancellation?
- C. Can we predict with accuracy if a booking will be cancelled based on the attributes?
- D. What incentives we can provide to customers to reduce the booking cancellation?
- E. How many days should the hotel keep between booking date and check in date for free cancellation?

Approach

The Hotel Booking Cancellation prediction will be forecasted using machine learning models and statistical techniques. Regression models like Linear, Logistic regression, Random Forest, boosting techniques will be used in forecast of the project. Jupyter Notebook will be used as a machine learning tool. These models will be compared with each other and which results into better accuracy of the model would be taken into consideration as resulting machine learning algorithm.

Data Understanding

The Dataset

data.csv

Checking The Data Information

```
In [76]: 1 hotel_data.info()

<class 'pandas.core.frame.DataFrame'>
RangeIndex: 119390 entries, 0 to 119389

Data columns (total 32 columns):
```

Data	columns (total 32 columns):		
#	Column	Non-Null Count	Dtype
0	hotel	119390 non-null	object
1	is_canceled	119390 non-null	int64
2	<pre>lead_time</pre>	119390 non-null	int64
3	arrival_date_year	119390 non-null	int64
4	arrival_date_month	119390 non-null	object
5	arrival_date_week_number	119390 non-null	int64
6	arrival_date_day_of_month	119390 non-null	int64
7	stays_in_weekend_nights	119390 non-null	int64
8	stays_in_week_nights	119390 non-null	int64
9	adults	119390 non-null	int64
10	children	119386 non-null	float64
11	babies	119390 non-null	int64
12	meal	119390 non-null	object
13	country	118902 non-null	object
14	market_segment	119390 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_not_canceled	119390 non-null	int64
19	reserved_room_type	119390 non-null	object
20	assigned_room_type	119390 non-null	object
21	booking_changes	119390 non-null	int64
22	deposit_type	119390 non-null	object
23	agent	103050 non-null	float64

```
23 agent
                                  103050 non-null float64
                                  6797 non-null
25 days_in_waiting_list
                                  119390 non-null int64
26 customer_type
                                  119390 non-null object
27 adr
                                  119390 non-null float64
                                  119390 non-null int64
28 required_car_parking_spaces
29 total_of_special_requests
                                  119390 non-null int64
30 reservation status
                                  119390 non-null object
31 reservation_status_date
                                  119390 non-null object
dtypes: float64(4), int64(16), object(12)
memory usage: 29.1+ MB
```



These are columns attached to get a better understanding of the dataset

Summary of the Dataset

The dataset has 119390 rows and 32 columns in total. This csv files have rows representing numbers and values of the particular columns. The columns represent \rightarrow

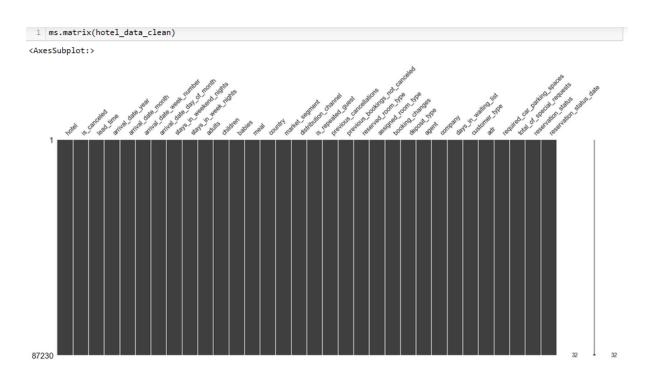
'hotel','is_canceled, 'lead_time','arrival_date_year','arrival_date_month', 'arrival_date_week_number','arrival_date_day_of_month', 'stays_in_weekend_nights','stays_in_week_nights', 'adults', 'children', 'babies','meal','country','market_segment','distribution_channel','is_repe ated_guest','previous_cancellations','previous_bookings_not_canceled',' reserved_room_type','assigned_room_type','booking_changes','deposit_type','agent','company','days_in_waiting_list','customer_type','adr','requi red_car_parking_spaces','total_of_special_requests','reservation_statusus','reservation_status_date'.

Attribute Information

- Hotel: Hotel (H1 = Resort Hotel or H2 = City Hotel)
- is_canceled: Value indicating if the booking was cancelled (1) or not (0)
- lead_time: Number of days that elapsed between the entering date of the booking into the PMS and the arrival date
- arrival_date_year: Year of arrival date
- arrival_date_month: Month of arrival date
- arrival_date_week_number: Week number of year for arrival date
- arrival_date_day_of_month: Day of arrival date
- stays_in_weekend_nights: Number of weekend nights (Saturday or Sunday) the guest stayed or booked to stay at the hotel
- stays_in_week_nights: Number of week nights (Monday to Friday) the guest stayed or booked to stay at the hotel
- adults: Number of adults
- children: Number of children
- babies: Number of babies
- meal: Type of meal booked. Categories are presented in standard hospitality meal packages: 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: Country of origin. Categories are represented in the ISO 3155–3:2013 format
- market_segment: Market segment designation. In categories, the term "TA" means "Travel Agents" and "TO" means "Tour Operators"
- distribution_channel: Booking distribution channel. The term "TA" means "Travel Agents" and "TO" means "Tour Operators"
- is_repeated_guest: Value indicating if the booking name was from a repeated guest (1) or not (0)
- previous_cancellations: Number of previous bookings that were cancelled by the customer prior to the current booking
- previous_bookings_not_canceled: Number of previous bookings not cancelled by the customer prior to the current booking
- reserved_room_type: Code of room type reserved. Code is presented instead of designation for anonymity reasons
- assigned_room_type: 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. Code is presented instead of designation for anonymity reasons

- booking_changes: Number of changes/amendments made to the booking from the moment the booking was entered on the PMS until the moment of check-in or cancellation
- deposit_type: Indication on if the customer made a deposit to guarantee the booking. This variable can assume three categories: 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: ID of the travel agency that made the booking
- company: 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: Number of days the booking was in the waiting list before it was confirmed to the customer
- customer_type: Type of booking, assuming one of four categories: 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: Average Daily Rate as defined by dividing the sum of all lodging transactions by the total number of staying nights
- required_car_parking_spaces: Number of car parking spaces required by the customer
- total_of_special_requests: Number of special requests made by the customer (e.g. twin bed or high floor)
- reservation_status: Reservation last status, assuming one of three categories: Canceled – booking was cancelled 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 at which the last status was set. This variable can be used in conjunction with the Reservation Status to understand when was the booking cancelled or when did the customer checked-out of the hotel

Missing Value Matrix



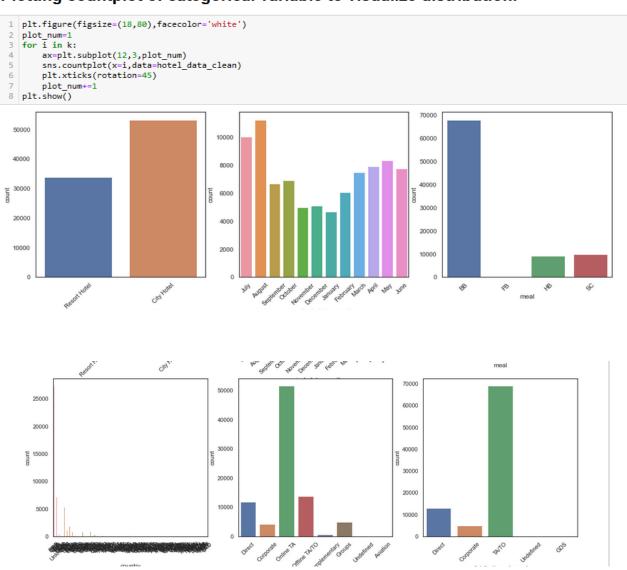
Checking categorical variables. ¶

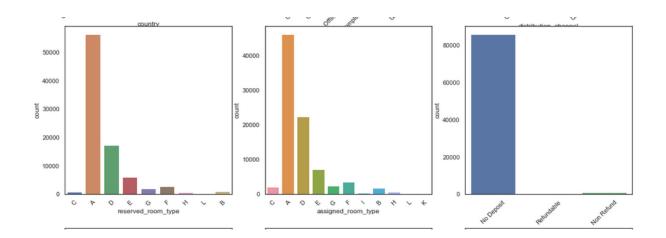
```
k,v=[],[]
for i in hotel_data_clean.select_dtypes('object').columns:
    k.append(i)
    v.append(list(hotel_data_clean[i].unique()))
categorydf=pd.DataFrame({'Category':k,'Sub-categoty':v})
print(categorydf)
```

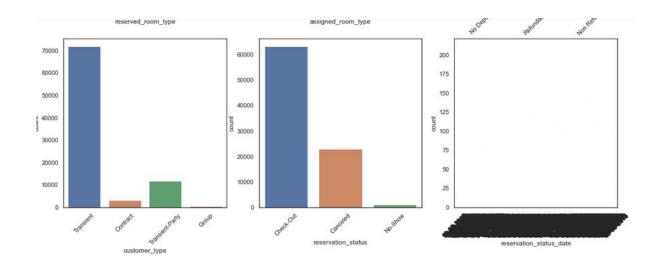
```
Category
                                                                 Sub-categoty
                                                   [Resort Hotel, City Hotel]
                     hotel
        arrival_date_month
                            [July, August, September, October, November, D...
                                                             [BB, FB, HB, SC]
                      meal
                   country [PRT, GBR, USA, ESP, IRL, FRA, Unknown, ROU, N...
            market_segment [Direct, Corporate, Online TA, Offline TA/TO, ...
      distribution_channel
                                   [Direct, Corporate, TA/TO, Undefined, GDS]
       reserved_room_type
                                                  [C, A, D, E, G, F, H, L, B]
        assigned_room_type
                                            [C, A, D, E, G, F, I, B, H, L, K]
              deposit_type
                                         [No Deposit, Refundable, Non Refund]
9
                                [Transient, Contract, Transient-Party, Group]
             customer_type
                                               [Check-Out, Canceled, No-Show]
10
        reservation status
11 reservation status date [01-07-2015, 02-07-2015, 03-07-2015, 06-05-201...
```

1 hotel_data_clean	.select	t_dtype:	s('object').desc
	count	unique	top	freq
hotel	87230	2	City Hotel	53274
arrival_date_month	87230	12	August	11242
meal	87230	4	BB	67907
country	87230	178	PRT	27355
market_segment	87230	8	Online TA	51553
distribution_channel	87230	5	TA/TO	69028
reserved_room_type	87230	9	Α	56436
assigned_room_type	87230	11	Α	46283
deposit_type	87230	3	No Deposit	86085
customer_type	87230	4	Transient	71862
reservation_status	87230	3	Check-Out	63221
reservation_status_date	87230	926	14-02-2016	211

Plotting countplot of categorical variable to visualize distribution.

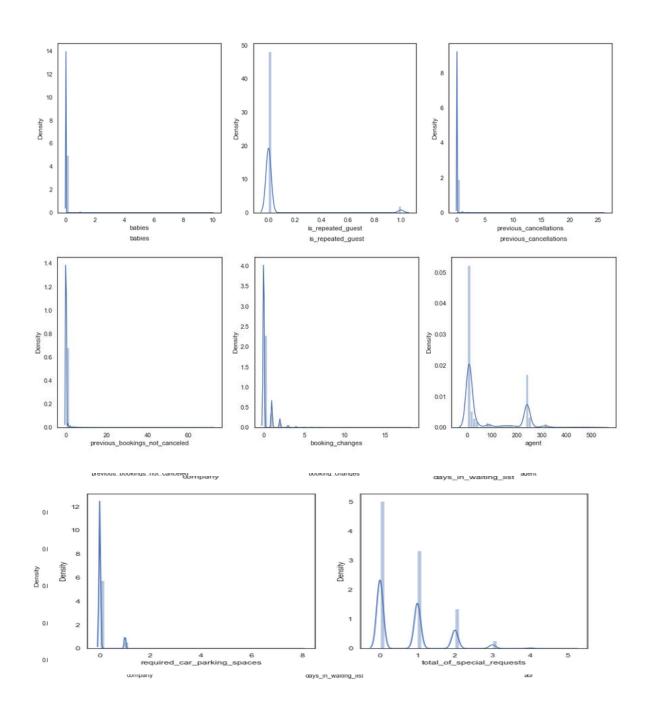






Analyzing numerical variables.

```
1 k1=[]
2 for i in hotel_data_clean.select_dtypes(exclude='object').columns:
         k1.append(i)
1 # Plotting distplot to visualize distribution.
    plt.figure(figsize=(18,80),facecolor='white')
    plot_num=1
for i in k1:
          ax=plt.subplot(12,3,plot_num)
sns.distplot(hotel_data_clean[i])
plot_num+=1
    plt.show()
                                                          0.0175
                                                          0.0150
                                                          0.0125
                                                          0.0100
                                                          0.0075
                                                          0.0025
                                                                                                                                            arrival_date_year
   0.05
                                                             0.05
                                                                                                                        1.2
   0.04
                                                             0.04
                                                                                                                     Density
80
                                                                                                                        0.6
   0.02
                                                             0.02
                                                                                                                        0.4
   0.01
                                                             0.01
                                                               3.5
                                                               3.0
                                                               2.5
                                                             Density
20
    0.2
                                                                                                                          2
                                                                1.0
      0.1
                                                               0.5
                                                               0.0
                         20 30
stays_in_week_nights
                                                                                                                                               4 6
children
                                                                                                           50
```



Data Preparation

Data processing was initiated by checking the description, info, column names and shape of the dataset.

Find the Shape or Size of Dataset

```
In [4]: 1 hotel_data.shape
Out[4]: (119390, 32)
```

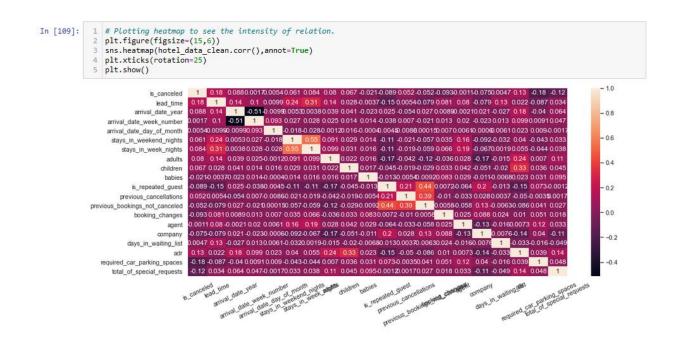
Checking The Data Information

```
In [76]: 1 hotel_data.info()
         <class 'pandas.core.frame.DataFrame'>
         RangeIndex: 119390 entries, 0 to 119389
         Data columns (total 32 columns):
         # Column
                                            Non-Null Count Dtype
         0 hotel
                                           119390 non-null object
             is_canceled
                                            119390 non-null
                                                            int64
             lead_time
                                            119390 non-null
             arrival_date_year
                                            119390 non-null
                                                            int64
             arrival_date_month
                                            119390 non-null
                                                            object
         5 arrival_date_week_number
                                            119390 non-null
                                                            int64
                                            119390 non-null
            arrival_date_day_of_month
                                            119390 non-null
             stays_in_weekend_nights
         8
             stays_in_week_nights
                                            119390 non-null
                                                            int64
                                            119390 non-null
             adults
                                                            int64
         10 children
                                            119386 non-null
                                                            float64
         11 babies
                                            119390 non-null
         12 meal
                                            119390 non-null
         13 country
                                            118902 non-null object
                                            119390 non-null object
         14 market segment
         15 distribution_channel
                                           119390 non-null object
         16 is_repeated_guest
                                            119390 non-null
         17 previous_cancellations
                                            119390 non-null
                                                            int64
         18 previous_bookings_not_canceled 119390 non-null int64
         19 reserved_room_type
                                            119390 non-null
         20 assigned_room_type
                                            119390 non-null
         21 booking_changes
                                            119390 non-null int64
                                            119390 non-null
         22 deposit_type
                                                            object
          23 agent
                                            103050 non-null float64
```

```
23 agent
                                    103050 non-null float64
                                    6797 non-null
                                                    float64
 24 company
 25 days_in_waiting_list
                                   119390 non-null int64
 26 customer_type
                                    119390 non-null object
                                    119390 non-null float64
27 adr
28 required_car_parking_spaces 119390 non-null int64
119390 non-null int64
                                    119390 non-null int64
29 total_of_special_requests
30 reservation_status
                                   119390 non-null object
31 reservation_status_date
                                    119390 non-null object
dtypes: float64(4), int64(16), object(12)
memory usage: 29.1+ MB
```

Data Preparation

In [74]: 1 hotel_data.describe().T Out[74]: mean std min 25% 50% 75% count max is_canceled 119390.0 0.370416 0.482918 0.00 0.00 0.000 1.0 lead time 119390.0 104.011416 106.863097 0.00 18.00 69.000 160.0 737.0 arrival_date_year 119390.0 2016.156554 0.707476 2015.00 2016.00 2016.000 2017.0 2017.0 arrival_date_week_number 119390.0 27.165173 13.605138 1.00 16.00 arrival_date_day_of_month 119390.0 15.798241 8.780829 1.00 8.00 16.000 23.0 stays_in_weekend_nights 119390.0 0.927599 0.998613 0.00 0.00 stays_in_week_nights 119390.0 2.500302 1.908286 0.00 1.00 2.000 3.0 adults 119390.0 1.856403 0.579261 0.00 2.00 children 119386.0 0.103890 0.398561 0.00 0.00 0.00 0.0 babies 119390.0 0.007949 0.097436 0.00 0.00 0.000 0.0 is_repeated_guest 119390.0 0.031912 0.175767 0.00 0.00 0.00 0.0 1.0 previous cancellations 119390.0 0.087118 0.844336 0.00 0.00 0.000 0.0 previous_bookings_not_canceled 119390.0 0.137097 1.497437 0.00 0.00 0.00 0.0 0.221124 0.652306 0.00 0.00 booking_changes 119390.0 0.000 0.0 21.0 1.00 9.00 agent 103050.0 86.693382 110.774548 14.000 229.0 company 6797.0 189.266735 131.655015 6.00 62.00 179.000 270.0 days_in_waiting_list 119390.0 2.321149 17.594721 0.00 0.00 adr 119390.0 101.831122 50.535790 -6.38 69.29 94.575 126.0 5400.0 required_car_parking_spaces 119390.0 0.062518 0.245291 0.00 0.00 0.000 0.0 8.0 total_of_special_requests 119390.0

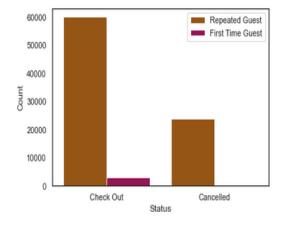


Cancellation by repeated guests

Let's check how many have cancelled their booking in the respective hotels

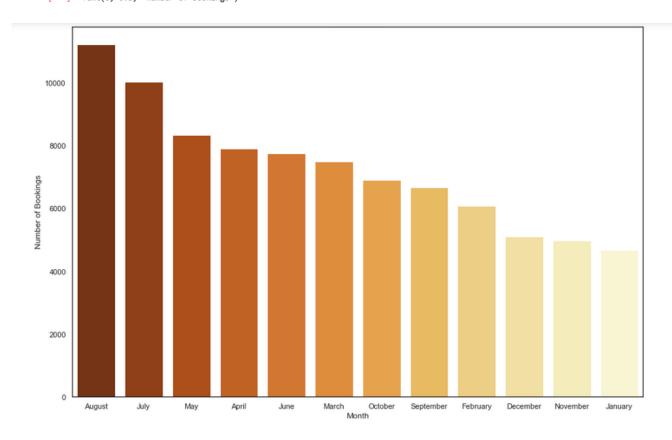
```
n [110]: 1     ax = sns.countplot(x="is_canceled", hue="is_repeated_guest", data=hotel_data_clean, palette = 'brg_r')
2     ax.set(xlabel='Status', ylabel='Count')
3     positions = (0, 1)
4     labels = ("Check Out", "Cancelled")
5     ax.set_xticklabels(labels)
6     LAB = {'Repeated Guest', 'First Time Guest'}
7     ax.legend(labels=LAB)
```

ut[110]: <matplotlib.legend.Legend at 0x1ff1c4cfa60>



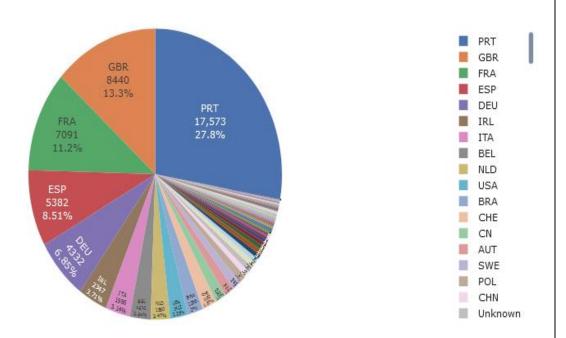
Most Busy Month

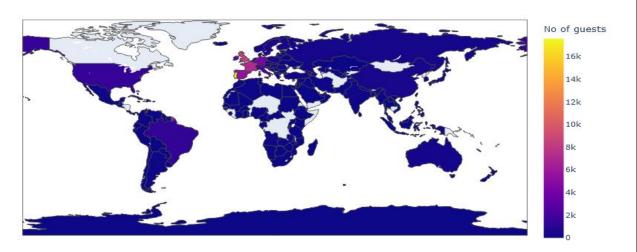
arrival_date_month exploration

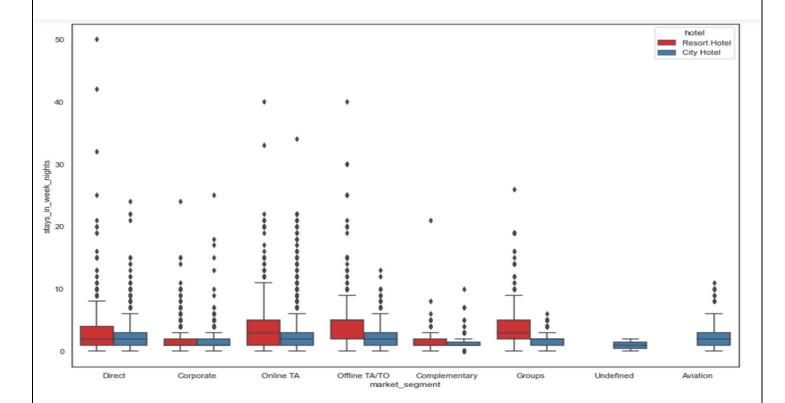


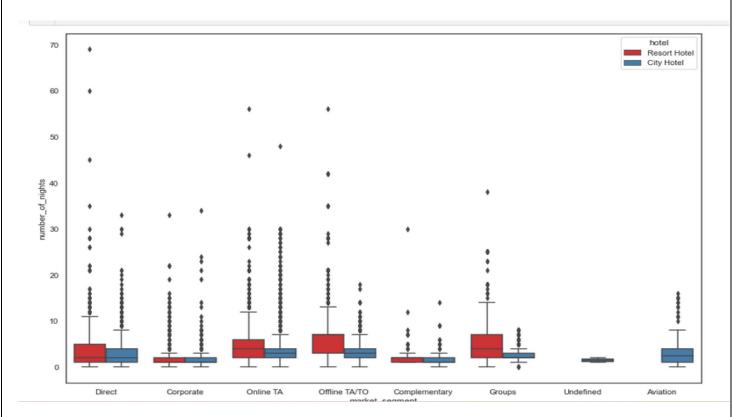
Where do the guests come from?

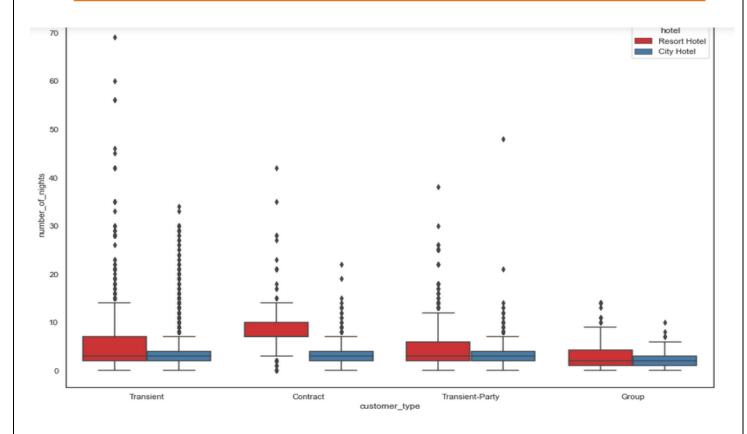
Home country of guests

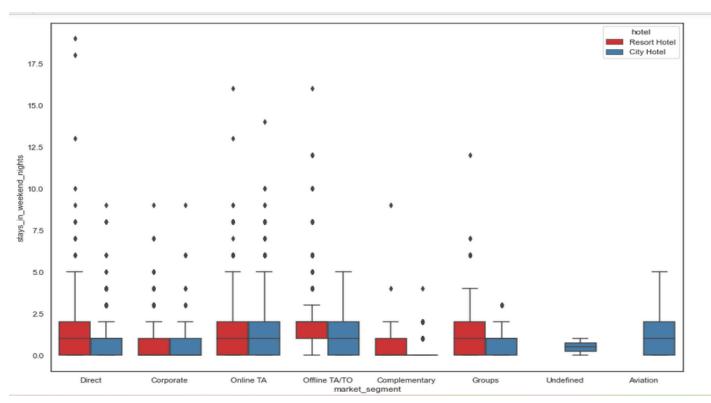


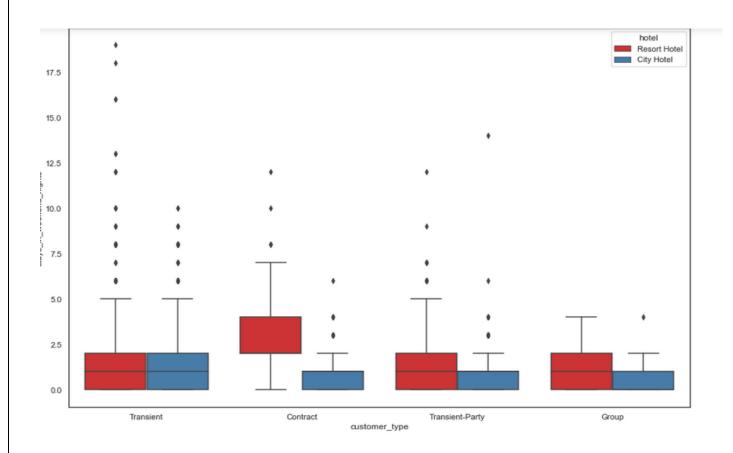


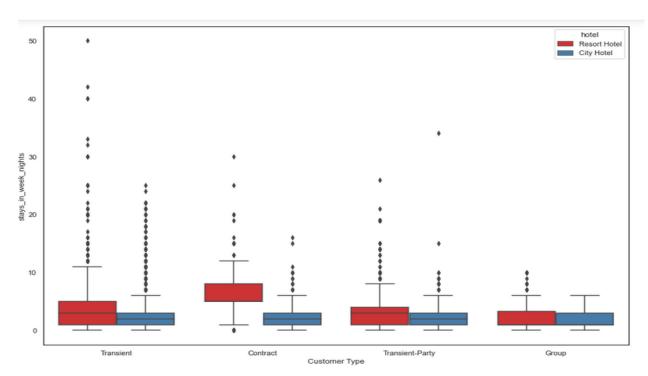








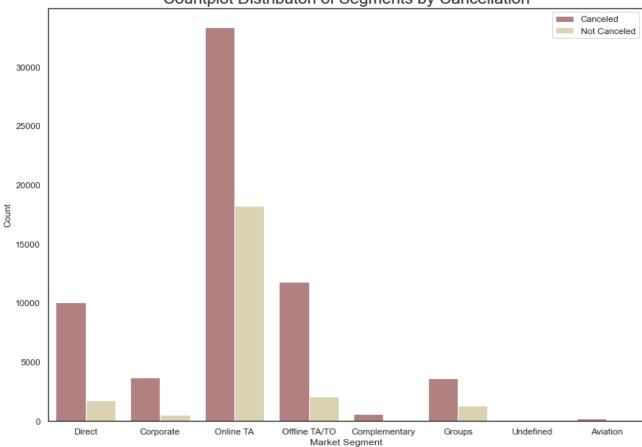




Ouatomer 13p

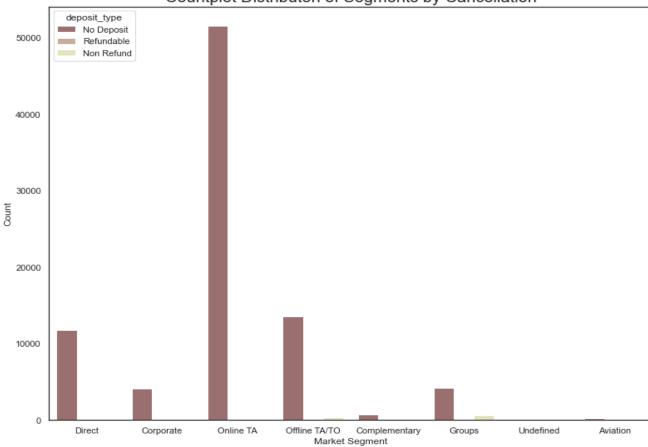
Out[121]: <matplotlib.legend.Legend at 0x1ff04aaedf0>

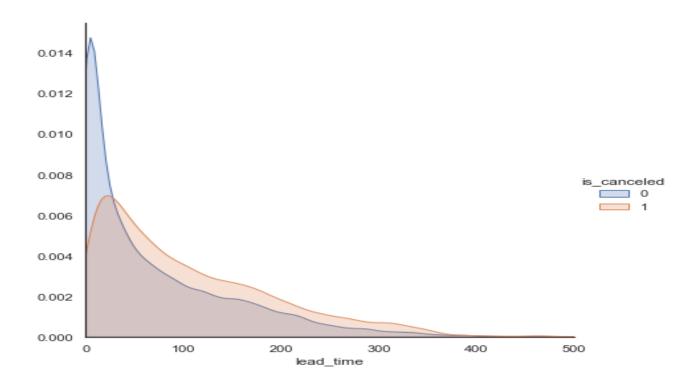
Countplot Distributon of Segments by Cancellation

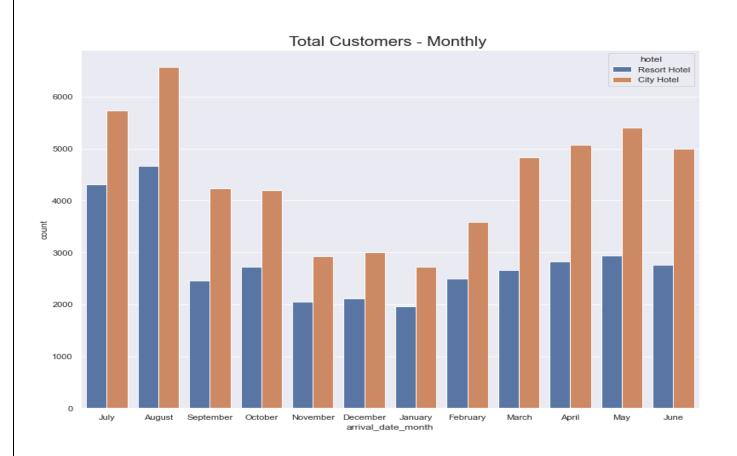


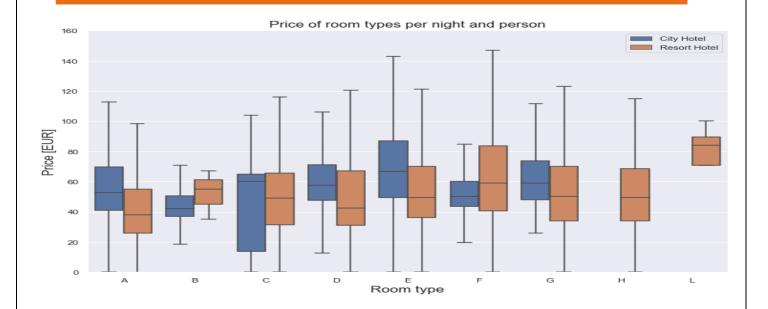
Out[122]: Text(0.5, 1.0, 'Countplot Distribution of Segments by Cancellation')

Countplot Distributon of Segments by Cancellation

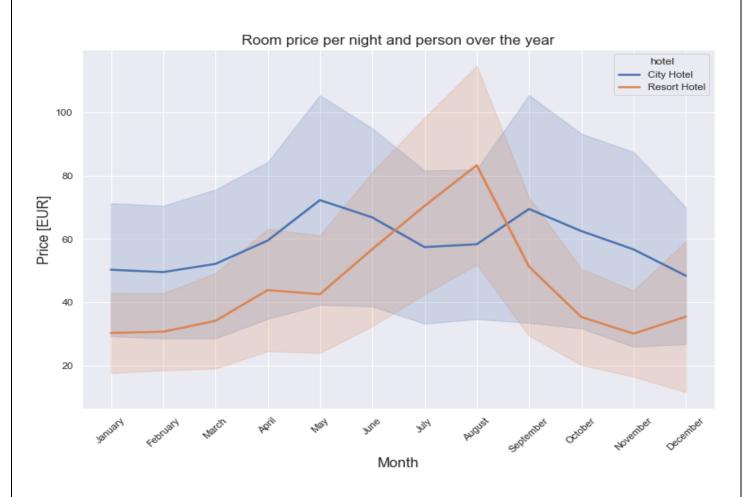




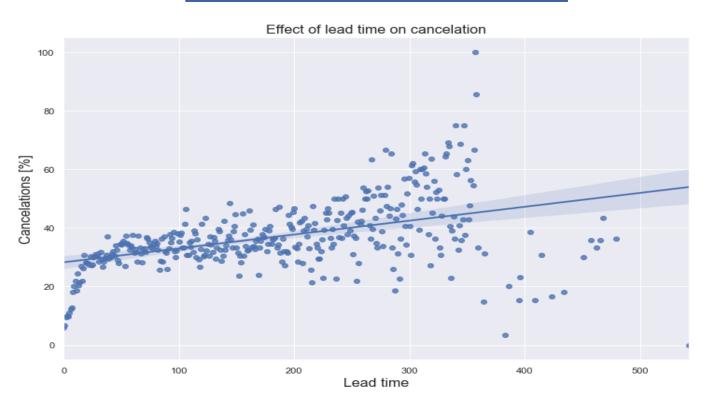




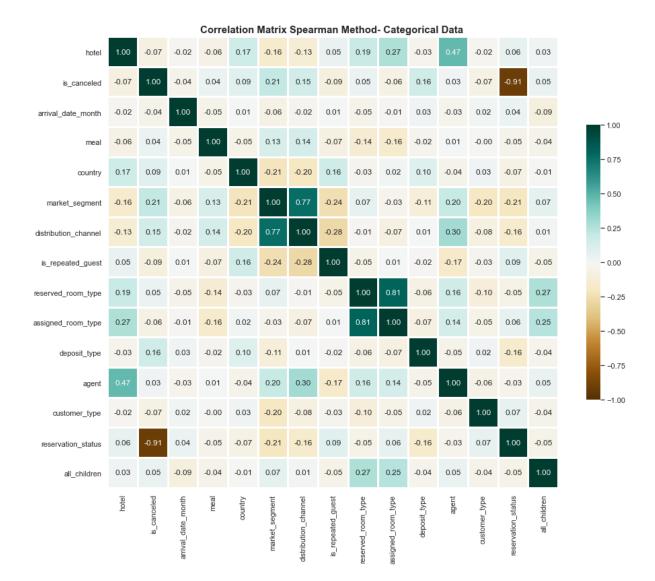
Order by Month



Cancelation Vs Lead Time



Correlation Matrix Spearman Method – Categorical Data



Predict Cancellation

Predict Cancellation

```
In [139]: 1 cancel_corr = hotel_data.corr()["is_canceled"]
           cancel_corr.abs().sort_values(ascending=False)[1:]
Out[139]: lead_time
                                          0.293123
          total_of_special_requests
                                          0.234658
          required_car_parking_spaces
                                          0.195498
                                          0.144381
          booking_changes
          previous_cancellations
                                          0.110133
                                          0.084793
          is_repeated_guest
                                          0.083114
          agent
          previous_bookings_not_canceled 0.057358
                                          0.054186
          days_in_waiting_list
          adr
                                          0.047557
          babies
                                          0.032491
          stays_in_week_nights
                                          0.024765
          company
                                          0.020642
          arrival_date_year
                                          0.016660
          arrival_date_week_number
                                          0.008148
                                          0.006130
          arrival_date_day_of_month
          children
                                          0.005048
          stays_in_weekend_nights
                                          0.001791
          Name: is_canceled, dtype: float64
```

Name: is_canceled, dtype: float64

```
In [140]: 1 hotel_data.groupby("is_canceled")["reservation_status"].value_counts()

Out[140]: is_canceled reservation_status
0 Check-Out 75166
1 Canceled 43017
No-Show 1207
Name: reservation_status, dtype: int64
```

Data Pre-processing for Feature Engineering

```
In [143]:
          1 num_features = ["lead_time", "arrival_date_week_number", "arrival_date_day_of_month",
                            "stays_in_weekend_nights","stays_in_week_nights","adults","children",
                            "babies", "is_repeated_guest", "previous_cancellations",
          4
                            "previous_bookings_not_canceled","agent","company",
                            "required_car_parking_spaces", "total_of_special_requests", "adr"]
          7 cat_features = ["hotel","arrival_date_month","meal","market_segment",
                            "distribution_channel","reserved_room_type","deposit_type","customer_type"]
          10 | # Separate features and predicted value
          11 | features = num_features + cat_features
          12 X = hotel_data.drop(["is_canceled"], axis=1)[features]
          13 y = hotel_data["is_canceled"]
          15 #Creating Pipeline for the full_data
          16 | num_transformer = SimpleImputer(strategy="constant")
          18 #Creating Pipeline for both kinds of data
          19 # Preprocessing for categorical features:
          20 cat_transformer = Pipeline(steps=[
          21
                 ("imputer", SimpleImputer(strategy="constant", fill_value="Unknown")),
          22
                 ("onehot", OneHotEncoder(handle_unknown='ignore'))])
          23
          24 # Bundle preprocessing for numerical and categorical features:
```

Modelling

To choose a model, there are a lot of factors to consider rather than focusing on performance every time. There are other factors like size of the dataset, how much time does a model take to train, accuracy, precision, and r2 score of the output, complexity of the data and still it leads to better results. Model selection is a process of choosing the best model that fits the data and addresses the problem.

What is a good model?

- Model that meets the requirements and constraints of the project
- Model that has a good training time or speed
- Model that is better than old ways of prediction
- Model that is skilled to get better results when compiled on test set.

SELECTION OF THE ALGORITHMS USED IN MODELLING -

- I. Decision Tree _model
- II. Random Forest Classifier model
- III. Logistic Regression _model
- IV. XGB Classifier model

Modelling

```
1 # define models to test:
In [144]:
                base_models = [("DecisionTree_model", DecisionTreeClassifier(random_state=42)),
                                   ("RandomForestClassifier_model", RandomForestClassifier(random_state=42,n_jobs=-1)), ("LogisticRegression_model", LogisticRegression(random_state=42,n_jobs=-1)), ("XGBClassifier_model", XGBClassifier(random_state=42, n_jobs=-1))]
             8 kfolds = 4
             9 split = KFold(n_splits=kfolds, shuffle=True, random_state=42)
             10
             11 # Preprocessing, fitting, making predictions and scoring for every model:
             12 for name, model in base_models:
             14
                      model_steps = Pipeline(steps=[('preprocessor', preprocessor),
             15
                                                    ('model', model)])
             16
             17
                     cv_results = cross_val_score(model_steps,
             18
                                                        Х, у,
                                                        cv=split.
             19
             20
                                                        scoring="accuracy",
                                                        n_jobs=-1)
             22
                     min_score = round(min(cv_results), 4)
             23
             24
                     max_score = round(max(cv_results), 4)
             25
                     mean_score = round(np.mean(cv_results), 4)
                     std dev = round(np.std(cv results), 4)
             27
                     print(f"{name} cross validation accuarcy score: {mean_score} +/- {std_dev} (std) min: {min_score}, max: {max_score},
```

DecisionTree_model cross validation accuarcy score: 0.8246 +/- 0.0016 (std) min: 0.8221, max: 0.8263, RandomForestClassifier_model cross validation accuarcy score: 0.8664 +/- 0.0012 (std) min: 0.8646, max: 0.8676, LogisticRegression_model cross validation accuarcy score: 0.7935 +/- 0.0012 (std) min: 0.7919, max: 0.7951, XGBClassifier_model cross validation accuarcy score: 0.8473 +/- 0.0011 (std) min: 0.8456, max: 0.8487,

Enhanced RF model with the best parameters I found:

```
In [145]:
           1 rf_model_enh = RandomForestClassifier(n_estimators=160,
                                              max_features=0.4,
                                              min_samples_split=2,
            3
                                              n jobs=-1,
           5
                                              random_state=0)
           7 split = KFold(n_splits=kfolds, shuffle=True, random_state=42)
           8 | model_pipe = Pipeline(steps=[('preprocessor', preprocessor),
                                             ('model', rf_model_enh)])
           10 cv results = cross val score(model pipe,
                                                Х, у,
                                                cv=split,
                                                scoring="accuracy",
           14
                                                n_jobs=-1)
           15 # output:
           16 min_score = round(min(cv_results), 4)
           17 max_score = round(max(cv_results), 4)
           18 | mean_score = round(np.mean(cv_results), 4)
           19 | std_dev = round(np.std(cv_results), 4)
           20 print(f"Enhanced RF model cross validation accuarcy score: {mean_score} +/- {std_dev} (std) min: {min_score}, max: {max_sc
```

Enhanced RF model cross validation accuarcy score: 0.8681 +/- 0.0006 (std) min: 0.8673, max: 0.869

Conclusion

As you probably noticed, explainable machine learning gives a lot opportunities to validate predictive models, find most insightful facts about data and set new directions to improve our results.

Explainable machine learning methods can be compared to the pointing fingers on every model weakness and to the compass guiding where we should go to improve final outcome.

8 Tips to Reduce Last Minute Hotel Cancellations and No Shows

- 1. Make Sure You have a Solid Cancellation Policy in Place
- 2. Require Credit / Debit Card Deposits
- 3. Set Discounted or Advance Purchase Rates
- 4. Use Length of Stay Restrictions
- 5. Sweeten the Deal for Direct Bookings (Offer discounts)
- 6. Send Your Guests Email Reminders About their Booking
- 7. Adopt A Cautious Overbooking Strategy
- 8. Be Responsive and Proactive

Minimizing the overbooking Problem

- a. The Solution is found in reducing the need to overbook rooms.
- b. Guest will want the best of both worlds; the ability to extend or shorten a stay while not being charged additionally for either.
- c. The hotel industry is increasing their restrictive policies, similar to the airline industry.