Business Problem

- 1. **High Cancellation Rates**: Both City Hotel and Resort Hotel are experiencing high cancellation rates.
- 2. **Impact on Revenue**: Cancellations are leading to decreased revenue and inefficient room utilization.
- 3. **Primary Goal**: Reducing cancellation rates is a priority for both hotels to improve revenue generation and operational efficiency.
- 4. **Purpose of Analysis**: The report focuses on analyzing hotel booking cancellations and identifying factors affecting business performance and annual revenue.
- 5. **Business Recommendations**: The goal is to provide actionable insights and recommendations to address the high cancellation rates and improve hotel performance.

```
In [1]: #Importing Libraries
         import pandas as pd
         import numpy as np
         import matplotlib.pyplot as plt
         import seaborn as sns
         import warnings
         warnings.filterwarnings('ignore')
In [2]: df = pd.read_csv(r'hotel_bookings.csv') #I df.head() #Showing top 5 values
Out[2]:
             hotel is_canceled lead_time arrival_date_year arrival_date_month arrival_date_week_nu
            Resort
                             0
                                     342
                                                      2015
                                                                          July
             Hotel
            Resort
                             0
                                     737
                                                      2015
                                                                          July
             Hotel
            Resort
                             0
                                       7
                                                      2015
                                                                          July
             Hotel
            Resort
                             0
                                      13
                                                      2015
                                                                          July
             Hotel
```

2015

July

5 rows × 32 columns

0

Resort

Hotel

14

```
<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
       1
           is_canceled
                                         119390 non-null int64
       2
           lead_time
                                         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
           arrival_date_day_of_month
                                        119390 non-null int64
       7
           stays_in_weekend_nights
                                         119390 non-null int64
           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
                                        119390 non-null int64
       16 is_repeated_guest
       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
       24 company
                                         6797 non-null float64
       25 days_in_waiting_list
                                        119390 non-null int64
       26 customer_type
                                         119390 non-null object
       27 adr
                                         119390 non-null 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
       31 reservation status date
      dtypes: float64(4), int64(16), object(12)
      memory usage: 29.1+ MB
In [6]: df.dtypes.value counts() #counting data types
Out[6]: int64
                  16
                  12
        object
        float64
                   4
        Name: count, dtype: int64
In [7]: #"reservation status date" data type should be datetime but is object
        df['reservation_status_date'] = pd.to_datetime(df['reservation_status_date'], forma
        df['Month_Name'] = df['reservation_status_date'].dt.month_name() #Extracting month
In [8]: df.dtypes #Showing data types
```

```
Out[8]: hotel
                                                    object
         is_canceled
                                                     int64
         lead_time
                                                     int64
         arrival_date_year
                                                     int64
         arrival_date_month
                                                    object
         arrival_date_week_number
                                                     int64
         arrival_date_day_of_month
                                                     int64
         stays_in_weekend_nights
                                                     int64
         stays_in_week_nights
                                                     int64
         adults
                                                     int64
         children
                                                   float64
        babies
                                                     int64
        meal
                                                    object
         country
                                                    object
        market_segment
                                                    object
         distribution_channel
                                                    object
         is_repeated_guest
                                                     int64
                                                     int64
         previous_cancellations
         previous_bookings_not_canceled
                                                     int64
         reserved_room_type
                                                    object
         assigned_room_type
                                                    object
         booking_changes
                                                     int64
         deposit_type
                                                    object
                                                   float64
         agent
                                                   float64
         company
         days_in_waiting_list
                                                     int64
         customer_type
                                                    object
                                                   float64
         adr
         required_car_parking_spaces
                                                     int64
         total_of_special_requests
                                                     int64
         reservation_status
                                                    object
         reservation_status_date
                                           datetime64[ns]
        Month_Name
                                                    object
        dtype: object
```

In [9]: df.isnull().sum() #Showing null values

```
Out[9]: hotel
                                                  0
          is_canceled
                                                  0
          lead_time
                                                  0
          arrival_date_year
                                                  0
          arrival_date_month
                                                  0
                                                  0
          arrival_date_week_number
          arrival_date_day_of_month
                                                  0
                                                  0
          stays_in_weekend_nights
          stays_in_week_nights
                                                  0
          adults
                                                  0
          children
                                                  4
          babies
                                                  0
          meal
                                                  0
                                                488
          country
          market_segment
                                                  0
          distribution_channel
                                                  0
          is_repeated_guest
                                                  0
          previous_cancellations
                                                  0
          previous_bookings_not_canceled
                                                  0
          reserved_room_type
          assigned_room_type
                                                  0
          booking_changes
                                                  0
          deposit_type
                                                  0
                                              16340
          agent
                                             112593
          company
          days_in_waiting_list
                                                  0
          customer_type
                                                  0
                                                  0
          adr
          required_car_parking_spaces
          total_of_special_requests
                                                  0
                                                  0
          reservation_status
          reservation_status_date
                                                  0
                                                  0
          Month_Name
          dtype: int64
In [10]: df.drop(['company', 'agent'], inplace=True ,axis=1) #Dropping columns agent and comp
         df.dropna(inplace=True) #Dropping null values
```

In [11]: df.isnull().sum() #Showing null values

```
Out[11]: hotel
                                              0
          is_canceled
                                              0
          lead_time
                                              0
          arrival_date_year
                                              0
          arrival_date_month
                                              0
          arrival_date_week_number
                                              0
          arrival_date_day_of_month
                                              0
          stays_in_weekend_nights
                                              0
          stays_in_week_nights
                                              0
          adults
                                              0
          children
                                              0
          babies
                                              0
          meal
                                              0
          country
                                              0
          market_segment
                                              0
          distribution_channel
                                              0
                                              0
          is_repeated_guest
          previous_cancellations
          previous_bookings_not_canceled
                                              0
          reserved_room_type
                                              0
                                              0
          assigned_room_type
          booking_changes
                                              0
                                              0
          deposit_type
          days_in_waiting_list
                                              0
          customer_type
                                              0
          adr
                                              0
          required_car_parking_spaces
                                              0
          total_of_special_requests
                                              0
          reservation_status
                                              0
          reservation_status_date
                                              0
                                              0
          Month_Name
          dtype: int64
```

In [12]: df.describe() #Showing descriptive statistic overview

Out[12]: lead_time arrival_date_year arrival_date_week_number arrival_date_week_ is_canceled count 118898.000000 118898.000000 118898.000000 118898.000000 0.371352 104.311435 2016.157656 27.166555 mean 0.000000 0.000000 2015.000000 1.000000 min 25% 0.000000 18.000000 2016.000000 16.000000 50% 0.000000 69.000000 2016.000000 28.000000 75% 1.000000 161.000000 2017.000000 38.000000 1.000000 737.000000 2017.000000 53.000000 max 0.483168 106.903309 0.707459 13.589971 std

```
In [13]: # Creating "total_stay" column
df['total_stay'] = df['stays_in_weekend_nights'] + df['stays_in_week_nights']
```

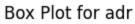
16.1	
df.head()	
ui ·iieau()	

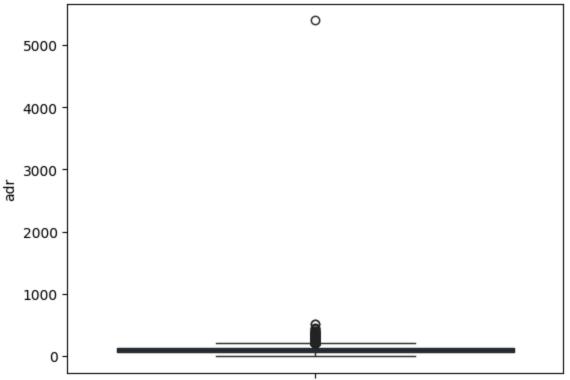
Out[13]:	hotel	is_canceled	lead_time	arrival_date_year	arriva

•		hotel	is_canceled	lead_time	arrival_date_year	arrival_date_month	arrival_date_week_n
	0	Resort Hotel	0	342	2015	July	
	1	Resort Hotel	0	737	2015	July	
	2	Resort Hotel	0	7	2015	July	
	3	Resort Hotel	0	13	2015	July	
	4	Resort Hotel	0	14	2015	July	

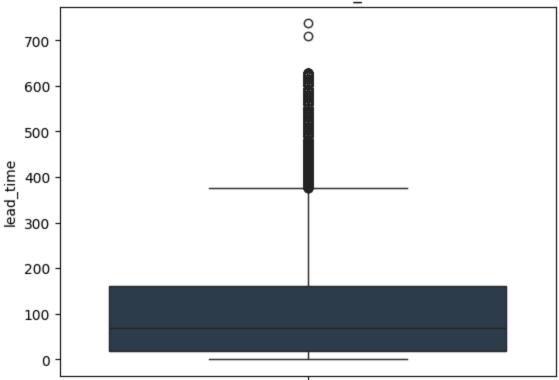
5 rows × 32 columns

```
In [14]: #Checking outlier
         for i in ['adr', 'lead_time','total_stay']:
             plt.title(f'Box Plot for {i}')
             sns.boxplot(df[i],
                         color='#2c3e50'
             plt.show()
```

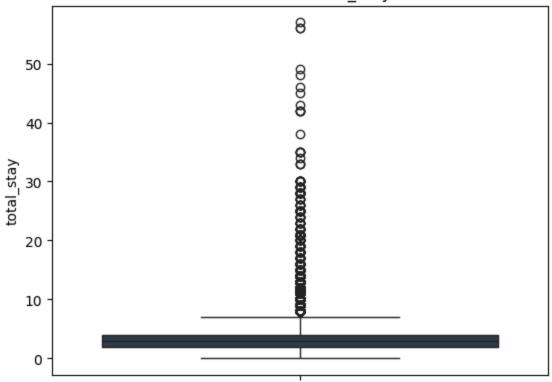




Box Plot for lead_time

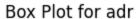


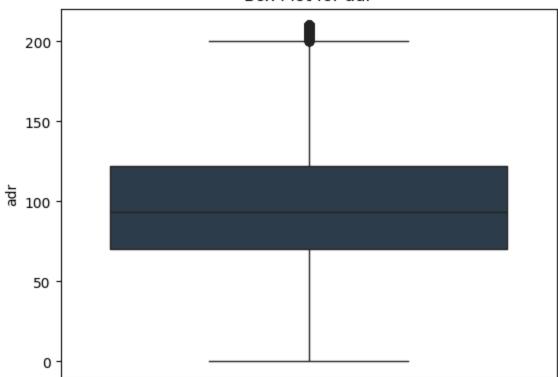
Box Plot for total_stay

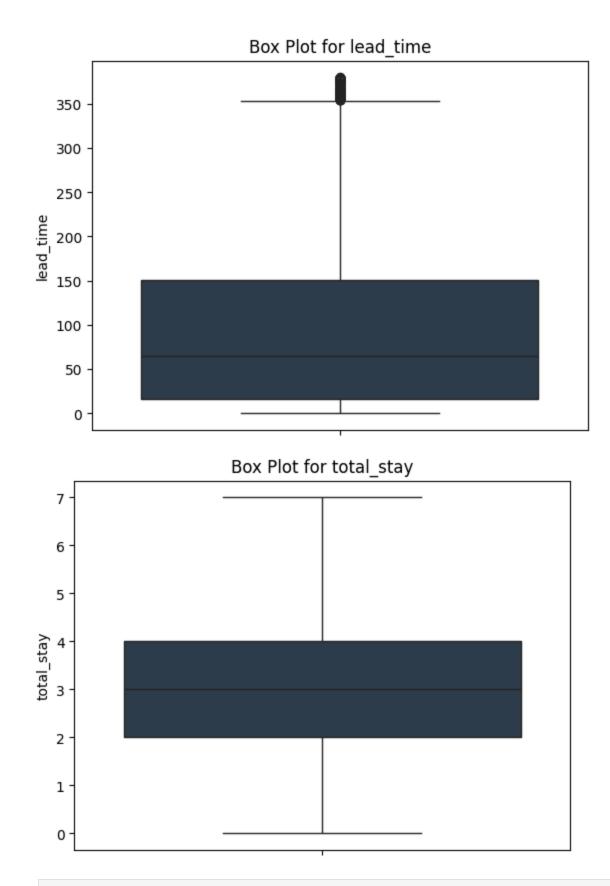


```
In [15]: #Removing outliers by Interquartile Range method
for i in ['adr', 'lead_time','total_stay']: #For loop Function
    q3 = np.percentile(df[i],75) #percentile of 75
    q1 = np.percentile(df[i],25) #percentile of 25
    IQR = q3-q1 #calculating interquartile range
    upper_bound = q3 + 1.5*IQR #calculating upper bound
```

```
lower_bound = q1 - 1.5*IQR #calculating lower bound
df = df[(df[i]<=upper_bound) & (df[i]>=lower_bound)]
```







Out[17]:		is_canceled	lead_time	arrival_date_year	arrival_date_week_number	arrival_da
	count	107299.000000	107299.000000	107299.000000	107299.000000	
	mean	0.363899	94.800511	2016.139218	26.912851	
	min	0.000000	0.000000	2015.000000	1.000000	
	25%	0.000000	16.000000	2016.000000	16.000000	
	50%	0.000000	65.000000	2016.000000	27.000000	
	75%	1.000000	151.000000	2017.000000	38.000000	
	max	1.000000	380.000000	2017.000000	53.000000	
	std	0.481122	93.312764	0.708196	13.835787	

In [18]: df.describe(include='object') #Showing object data's info

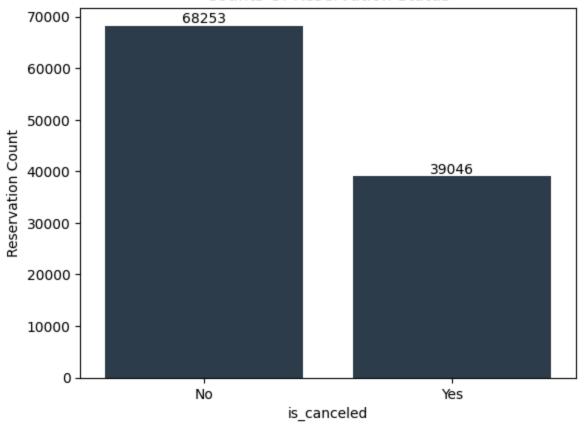
Out[18]:		hotel	arrival_date_month	meal	country	market_segment	distribution_channe
	count	107299	107299	107299	107299	107299	107299
	unique	2	12	5	175	7	î
	top	City Hotel	Мау	ВВ	PRT	Online TA	TA/TC
	freq	74379	10828	83788	43908	51388	88016

```
In [19]: #Fuction for check unique values columns wise
    for i in df.describe(include='object').columns: #For loop Fucntion
        print(i) #Column names
        print(df[i].unique()) #Unique values
        print('-----')
```

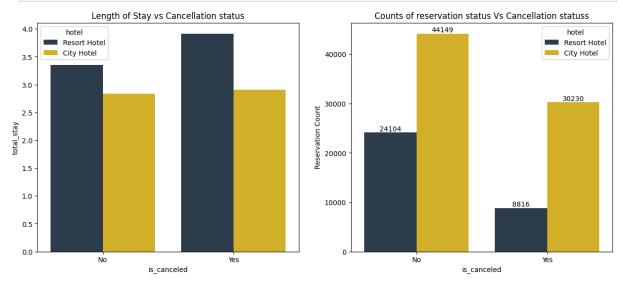
```
hotel
['Resort Hotel' 'City Hotel']
arrival_date_month
['July' 'August' 'September' 'October' 'November' 'December' 'January'
 'February' 'March' 'April' 'May' 'June']
meal
['BB' 'FB' 'HB' 'SC' 'Undefined']
-----
country
['PRT' 'GBR' 'USA' 'ESP' 'IRL' 'FRA' 'ROU' 'NOR' 'ARG' 'POL' 'DEU' 'BEL'
 'CHE' 'CN' 'GRC' 'NLD' 'RUS' 'SWE' 'AUS' 'EST' 'CZE' 'BRA' 'ITA' 'FIN'
 'DNK' 'MOZ' 'BWA' 'LUX' 'SVN' 'ALB' 'CHN' 'MEX' 'MAR' 'SMR' 'LVA' 'PRI'
 'SRB' 'IND' 'CHL' 'AUT' 'LTU' 'OMN' 'TUR' 'ZAF' 'AGO' 'ISR' 'CYM' 'ZMB'
 'CPV' 'ZWE' 'DZA' 'KOR' 'CRI' 'HUN' 'ARE' 'TUN' 'JAM' 'HRV' 'HKG' 'IRN'
 'AND' 'GIB' 'URY' 'BLR' 'JEY' 'CAF' 'CYP' 'COL' 'GGY' 'KWT' 'NGA' 'MDV'
 'VEN' 'FJI' 'SVK' 'LBN' 'PHL' 'SYC' 'BHR' 'NZL' 'KAZ' 'THA' 'DOM' 'MYS'
 'UKR' 'ARM' 'JPN' 'LKA' 'CUB' 'CMR' 'BIH' 'MUS' 'COM' 'SUR' 'UGA' 'BGR'
 'CIV' 'JOR' 'SYR' 'SGP' 'BDI' 'SAU' 'VNM' 'AZE' 'PLW' 'QAT' 'EGY' 'MLT'
 'MWI' 'ECU' 'MDG' 'IDN' 'ISL' 'UZB' 'NPL' 'BHS' 'PAK' 'MAC' 'TWN' 'STP'
 'SEN' 'PER' 'KNA' 'ETH' 'IRQ' 'HND' 'GEO' 'KHM' 'MCO' 'BGD' 'IMN' 'TJK'
 'NIC' 'BEN' 'VGB' 'TZA' 'GAB' 'MKD' 'TMP' 'GLP' 'LIE' 'GNB' 'KEN' 'MNE'
 'UMI' 'MYT' 'MMR' 'PAN' 'BFA' 'LBY' 'MLI' 'NAM' 'BOL' 'PRY' 'BRB' 'ABW'
 'SLV' 'DMA' 'PYF' 'GUY' 'LCA' 'ATA' 'RWA' 'GTM' 'GHA' 'ASM' 'TGO' 'MRT'
 'NCL' 'KIR' 'SDN' 'ATF' 'SLE' 'LAO' 'FRO']
market_segment
['Direct' 'Corporate' 'Online TA' 'Offline TA/TO' 'Complementary' 'Groups'
 'Aviation']
distribution_channel
['Direct' 'Corporate' 'TA/TO' 'Undefined' 'GDS']
reserved_room_type
['C' 'A' 'D' 'E' 'G' 'F' 'H' 'L' 'B' 'P']
assigned_room_type
['C' 'A' 'D' 'E' 'G' 'F' 'I' 'B' 'H' 'L' 'K' 'P']
deposit_type
['No Deposit' 'Refundable' 'Non Refund']
customer_type
['Transient' 'Contract' 'Transient-Party' 'Group']
reservation_status
['Check-Out' 'Canceled' 'No-Show']
-----
['January' 'February' 'March' 'June' 'April' 'May' 'July' 'August'
 'November' 'September' 'December' 'October']
-----
```

Exploratory Data Analysis

Counts Of Reservation Status



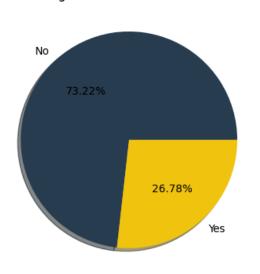
- -Non-canceled Reservations (No): There are 68,253 reservations that were not canceled.
- -Canceled Reservations (Yes): There are 39,046 reservations that were canceled.

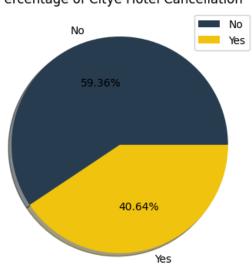


- -For Resort Hotel the average length of stay is higher for non-canceled reservations compared to canceled ones.
- -For City Hotel the average length of stay is slightly higher for non-canceled reservations, but the difference is less pronounced compared to the Resort Hotel.
- -For Resort Hotel the number of non-canceled reservations is significantly higher than canceled ones.
- -For City Hotel the number of non-canceled reservations is also higher than canceled ones, but the difference is less pronounced compared to the Resort Hotel.

Percentage of Resort Hotel Cancellation

Percentage of Citye Hotel Cancellation





```
In [24]: resortHotel_price = df[df['hotel']=='City Hotel'].groupby('reservation_status_date'
#grouping date and calculating adr mean value for each date
cityHotel_price = df[df['hotel']=='Resort Hotel'].groupby('reservation_status_date'
#grouping date and calculating adr mean value for each date
```

-City Hotels (orange line) show significantly more price volatility compared to Resort Hotels (blue line)

2016-05

Reservatoin Status date

2016-09

2017-01

2017-05

2017-09

2018-01

- -City Hotels generally command higher peak prices than Resort Hotels
- -Resort Hotels demonstrate more consistent pricing strategy

2016-01

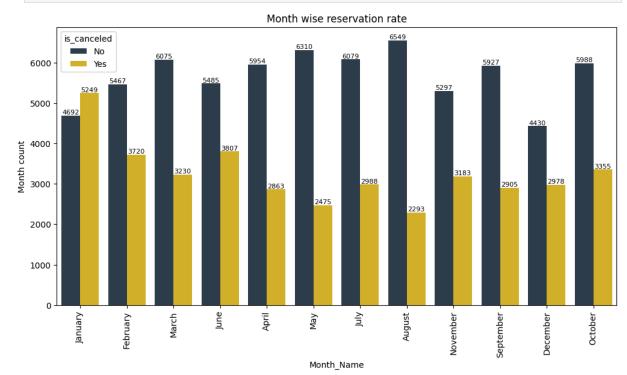
0

2015-01

2015-05

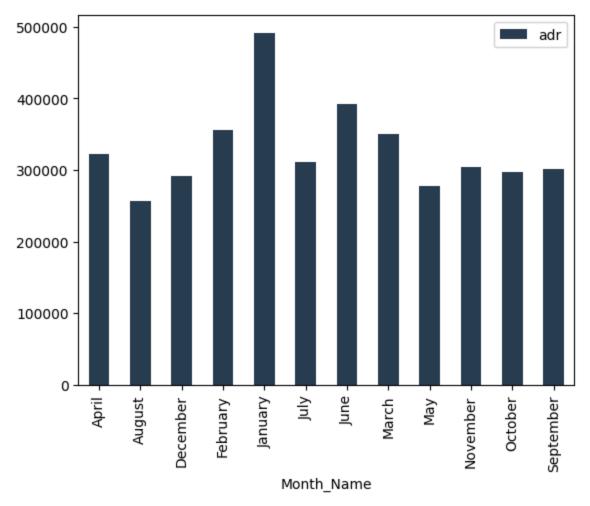
2015-09

```
In [26]: #Visualize barplot to check mounth wise reservation status
plt.figure(figsize=(12,6))
plt.title('Month wise reservation rate') #Title of the graph
ax = sns.countplot(data = df, x = 'Month_Name', hue = 'is_canceled', palette=['#2c3
ax.bar_label(ax.containers[0], fontsize=8)
ax.bar_label(ax.containers[1], fontsize=8)
plt.xticks(rotation = 90)
plt.ylabel('Month count') #Changes y labels
plt.show()
```



-August is the month where reservation and cancellation

Out[27]: <Axes: xlabel='Month_Name'>

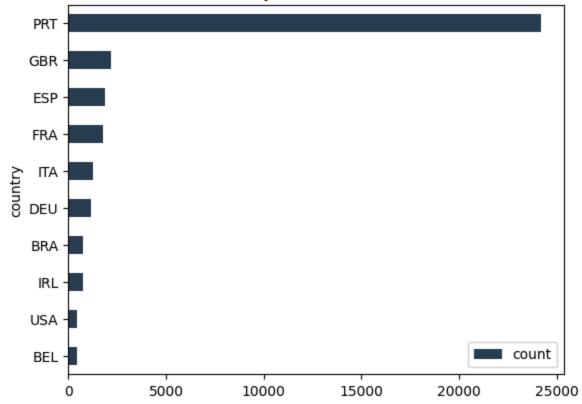


-January is the month where the ADR value is the higher which is the main cause of hotel cancellation

	hotel	is_canceled	lead_time	arrival_date_year	arrival_date_month	arrival_date_wee
80744	City Hotel	Yes	25	2015	November	

In [29]: #Visualize Country wise cancelled reservation
countryWiseCancellation = df[df['is_canceled']=='Yes'] #Selecting data set where can

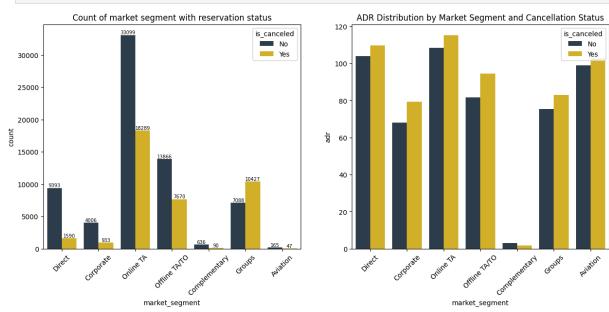
Count of country with cancelled reservation



-Country wise portugal is the country where reservation cancellation is highest

```
In [30]:
         plt.figure(figsize=(15,6))
         #Visualize count of market segment with reservation rate
         plt.subplot(1,2,1)
         plt.title('Count of market segment with reservation status') #Shows title of the gr
         ax = sns.countplot(data = df,
                             x = 'market_segment',
                             hue = 'is_canceled',
                             palette=['#2c3e50', '#f1c40f']
         ax.bar_label(ax.containers[0],fontsize=7)
         ax.bar_label(ax.containers[1],fontsize=7)
         plt.xticks(rotation = 45)
         #Visualize ADR by market segment
         plt.subplot(1,2,2)
         sns.barplot(data=df,
                     x='market_segment',
                     y='adr', hue='is_canceled',
```

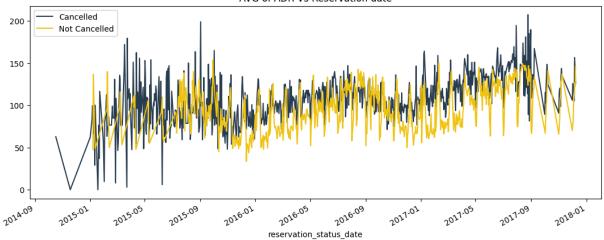
```
ci = None, palette=['#2c3e50', '#f1c40f']
)
plt.title('ADR Distribution by Market Segment and Cancellation Status') #Shows titl
plt.xticks(rotation=45)
plt.show()
```



- -Online TA (Online Travel Agents) has the highest number of reservations overall, with a high proportion of both canceled and non-canceled bookings (33,099 non-canceled and 18,289 canceled).
- -Online TA segments has highest ADRs, with canceled bookings showing slightly higher ADRs than non-canceled ones.
- -Direct and Aviation segment have similar ADRs, and canceled bookings tend to have a higher ADR.

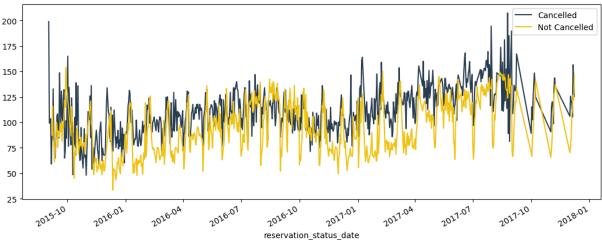
```
In [31]: market_segment_canc_yes = df[df['is_canceled'] == 'Yes'].groupby('reservation_statu
#grouping reservation date where reservation cancelled and calculating mean of ADR
market_segment_canc_no = df[df['is_canceled'] == 'No'].groupby('reservation_status_
#grouping reservation date where reservation not cancelled and calculating mean of
```

```
In [32]: #Visualize AVG of ADR Vs Reservation date
plt.figure(figsize=(13,5))
plt.title('AVG of ADR Vs Reservation date')
market_segment_canc_yes['adr'].plot(label = 'Cancelled', color = '#2c3e50')
market_segment_canc_no['adr'].plot(label = 'Not Cancelled', color = '#f1c40f')
plt.legend()
plt.show()
```



from 2015/9 can be observed that as the mean of ADR is higher the cancellation rate is also higher and vice versa

```
In [33]: mark = df[(df['reservation_status_date']>'2015-09') & (df['reservation_status_date']
         market_segment_canc_yes1 = mark[mark['is_canceled'] == 'Yes'].groupby('reservation_
In [34]:
         #grouping reservation date where reservation cancelled and calculating mean of ADR
         market_segment_canc_no1 = mark[mark['is_canceled'] == 'No'].groupby('reservation_st
         #grouping reservation date where reservation not cancelled and calculating mean of
In [35]: #Avg ADR Vs reservation date with reservation status
         plt.figure(figsize=(13,5))
         plt.title('AVG of ADR Vs Reservation date')
         market_segment_canc_yes1['adr'].plot(label = 'Cancelled',
                                              color = '#2c3e50'
         )
         market_segment_canc_no1['adr'].plot(label = 'Not Cancelled',
                                             color = '#f1c40f'
         plt.legend()
         plt.show()
```



- -Both cancelled and non-cancelled bookings show significant price volatility over time
- -The ADR generally ranges between 50-150, with some peaks reaching around \$200
- -Cancelled bookings (blue line) often show higher ADR values than non-cancelled bookings (orange line)
- -There are noticeable seasonal patterns, with higher rates appearing in peak travel periods

In [36]:	<pre>df.head()</pre>						
Out[36]:		hotel	is_canceled	lead_time	arrival_date_year	arrival_date_month	arrival_date_week_n
	0	Resort Hotel	No	342	2015	July	
	2	Resort Hotel	No	7	2015	July	
	3	Resort Hotel	No	13	2015	July	
	4	Resort Hotel	No	14	2015	July	
	5	Resort Hotel	No	14	2015	July	

5 rows × 32 columns

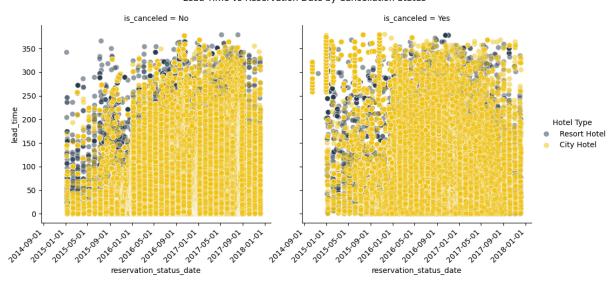
```
# Rotate x-axis labels for all subplots
g.set_xticklabels(rotation=45, ha='right')

# Adjust the layout
g.fig.subplots_adjust(bottom=0.2)

# Optional: Customize the plot further
g.fig.suptitle('Lead Time vs Reservation Date by Cancellation Status', y=1.05)
g._legend.set_title('Hotel Type')

plt.show()
```

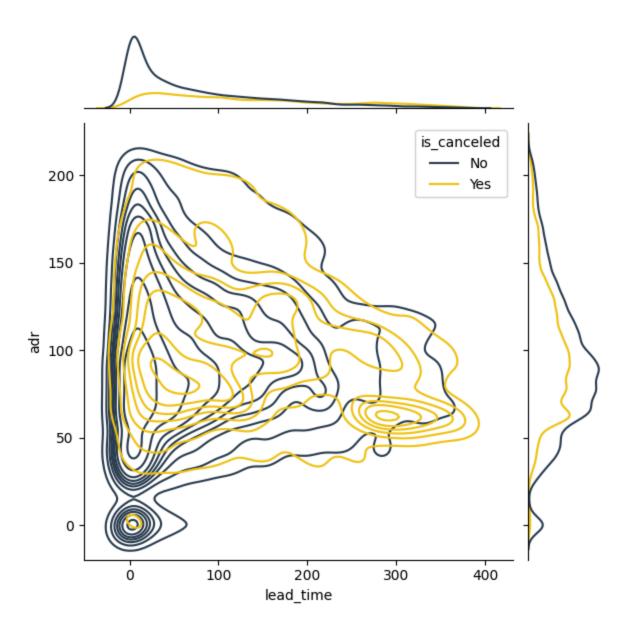
Lead Time vs Reservation Date by Cancellation Status



- -The right panel (is_canceled = Yes) shows more bookings overall, suggesting a high cancellation rate
- -City Hotels (orange) have significantly more cancellations than Resort Hotels (blue)
- -Most bookings are made between 0-200 days in advance
- -There's a noticeable increase in longer lead times (200+ days) from 2016 onwards

```
In [38]: cityHotelleadtime = df[df['hotel']=='City Hotel']
    resortHotelleadtime = df[df['hotel']=='Resort Hotel']

In [39]: sns.jointplot(
    data=df,
    x='lead_time',
    y='adr',
    hue='is_canceled',
    kind='kde',
    palette=['#2c3e50', '#f1c40f']
)
plt.show()
```



- -Most bookings are made with shorter lead times (0-100 days)
- -Non-cancelled bookings (blue) show a higher peak at very short lead timesx x
- -Cancelled bookings (orange) have a flatter distribution
- -ADR mostly ranges from about 50 to 200.
- -There's a peak in the middle range