



Interview with Brian Fry, President of Commonwealth Hotels



Introduction: Brian Fry is a third generation hotelier, growing up in a small Country Inn in Central Illinois. Brian has built a strong knowledge of the hospitality industry, working in various roles from development, operations and finance, to even owner and operator. His experience includes work with brands as large as Hilton, to smaller, more local establishments like Shelby Historic House and Inn.

Brian now serves as the President of Commonwealth Hotels, LLC. Founded in 1986, Commonwealth Hotels, LLC manages premium branded full service and select service hotels, now including 43 properties with over 5,300 rooms. The company is a proven partner in providing hotel management services with superior financial results.

In his role of President, Brian has worked closely with the travel industry in Kentucky, sharing insights at many leading KTIA events.

KTIA: Before we focus on 2018, please give us your assessment of 2017 for the hotel industry overall and any factors that were specific to Kentucky.

BF: A challenging time for our industry. Hotels are experiencing historic occupancy levels and revenue growth for nine straight years, and our guests are better informed with greater expectations than ever before. Competition for guests and staff is intensifying. This makes for a difficult environment but also presents opportunity to refine and improve our business model.

KTIA: What impact did the eclipse have on Kentucky's hotel industry?

BF: The eclipse provided a windfall for hotels in the path of the totality from Oregon to South Carolina. Hopkinsville and Bowling Green were major beneficiaries with revenue for the event by nearly 240% according to Smith Travel Research. Other markets also benefited including some of our properties in Louisville and Northern Kentucky. This was new territory for most of

us since the eclipse only lasted for a short period of time, but excitement was built on social media that led to real economic benefit.

KTIA: What is your crystal ball telling you about 2018, both overall and for Kentucky hotels specifically?

BF: I'm cautiously optimistic for 2018. I believe economic factors remain favorable for travel. So while the environment will remain difficult, we have built a strong infrastructure and invest in developing our associates. When times become challenging we typically outperform our competitors.

KTIA: The traditional hotel business cycle has been marked by expansion, followed by contraction, recession, recovery and then a return to expansion. Is this cycle still relevant?

BF: New hotel supply will be somewhat slowed by the capital markets and movement of resources to rebuild after the forest fires in the west and the hurricanes in the south. Will this be enough to keep developers (and brands) from over-supplying the sector, I don't know. I guess I would fall back on cautiously optimistic.

KTIA: What are the trends in terms of hotel types and services you expect to see in the upcoming year?

BF: We are headed towards smart hotel rooms with door locks and televisions controlled by our phones, but it will take time and capital to make these changes throughout the existing hotels. Hotel brands have recognized that today's guests prefer an experience customized to their preferences and the local market rather than a homogenized property in every location throughout the world. I believe they will continue to adapt and provide more local feel, particularly with decor and food and beverage options.

KTIA: What are some of the most significant operational challenges that hotels will face in 2018?

BF: Identifying, training and retaining talent is going to continue to become more difficult. The improving economy, changes in minimum wage regulation and competition from growing companies like Amazon are driving up our labor costs. At the same time, it feels like the political environment is hostile to the immigrants who make up a significant portion of our associates.

We believe the best way to combat this is to enhance opportunities for our associates by providing world-class training and solid career tracks. We also invest heavily in ensuring that our corporate culture is inclusive and makes our hotels fun places to work.

KTIA: Hotels occupy a unique and vital position within the travel and tourism industry. How would you assess the degree of engagement between hotels and other industry partners, and do you have any advice for hoteliers and the rest of the industry for enhancing that engagement?

BF: One of the great things about the hospitality industry is that it is filled with hospitable people. Successful hoteliers are empathetic and value relationships with our guests and our partners. To succeed we must engage with local CVB's, travel agents, restaurateurs and other industry partners.

KTIA: What is the best personal trip you've taken and why?

BF: That's a tough one. I have lived overseas and traveled extensively both internationally and throughout the United States. Mostly, I like to be surprised and to feel engaged with my surroundings.

A couple of years ago my family and I spent a week in the Costa Rican rain forest. The resort struck the right balance between adventure and comfort. We stayed in permanent safari tents and did everything from white water rafting to high canopy ziplines. But the best part of the trip was riding horses into a nearby village and enjoying a home cooked meal with local villagers. We felt connected to that beautiful place and were privileged to take that feeling home to Kentucky with us.