

## **Pat Pacious on AI and the Future of Hospitality Technology**

At the recent NYU International Hospitality Investment Forum, Choice Hotels International President and CEO Patrick Pacious joined Oracle Hospitality SVP Laura Calin for a compelling conversation about how technology — especially AI — is reshaping the hospitality landscape. The session, titled “Technology as a Catalyst for Business Transformation: Navigating the Future of Hospitality Investments,” offered a deep dive into how Choice Hotels is leveraging technological innovation to drive owner success and guest satisfaction.

### **Choice Hotels’ ‘North Star’**

For Pacious, the guiding principle behind every technology investment is clear: return on investment for its hotel owners. “We always start with our ‘North Star,’ and for us, the ‘North Star,’ ever since I’ve been at Choice Hotels... has been franchisee return on investment,” he said. “And so how do you drive that? You drive it by driving more top-line revenue, saving on costs, and then providing our franchisees with the tools they need to run their business every day.”

This philosophy has fueled a series of industry firsts for Choice Hotels: the first hotel website with real-time rate and availability information, the first cloud-based property management platform, the first consumer-facing iPhone app, and the first cloud-based central reservation system.

Choice Hotels’ technological leadership within the hospitality industry has played a major role in its growth. Today, the company has over 7,500 properties open across 46 countries and territories — including one out of every 10 hotels in the United States — and more than 70 million global Choice Privileges members. “All of those things are enabled by technology to get that scale. The beauty of it is [having] the scale now allows us to continue to reinvest in future technologies,” Pacious said.

In 2024, Choice Hotels achieved yet another first: it became the first hotel company to migrate its entire system infrastructure to the cloud. Pacious explained that the move “allows us to use [Choice’s data] in whatever is coming next, be it connecting to a large language model, be it being served up to the right search engine, be it served up to whatever social media channels might evolve in the future, so it’s all about being prepared for the future.”

### **AI: From Buzzword to Business Driver**

As AI reshapes how travelers discover and book hotels, Pacious sees both opportunity and challenge. With platforms like ChatGPT and Perplexity offering personalized travel recommendations, traditional search engines are losing ground. “We are on the cusp, as an industry, of some pretty significant change as to how consumers find hotels,” Pacious observed. “Making sure that our owners’ hotels are being showcased in the right places is critical to what we’ve been doing as a business for as long as we’ve been around.”

That’s why Choice Hotels is investing in a next-generation, AI-driven guest data platform. It will analyze complex data on our customers and build a unified profile for each of them, allowing us to understand our guests even better — including their buying behaviors, their preferences, and which channels and platforms they like to use.

That, in turn, will enable Choice to connect and communicate with our customers even more effectively by sending them personalized, highly targeted marketing messages and offers at the right time, on the right channel. For example, if a Choice Privileges member receives an email suggesting a Choice stay for a

family getaway over spring break and clicks the link but doesn't end up booking a stay, the platform will enable us to quickly display a personalized Choice ad featuring a beach vacation with a family in the photo the next time they are online, enticing them to finalize the booking.

Pacius also envisions AI playing a major role in on-property training and support, enabling hotel staff to access real-time answers through natural language interfaces, streamlining onboarding and enhancing the guest experience. "I think in the future you can take all that data that you have... put a natural language interface on top of it, and then the hotel associate could just ask the question, 'I've never had to deal with this before. What should I do?' and get the answer," he said.

While AI is the buzzword of the moment across multiple industries, Pacius reminded the audience that Choice Hotels has been leveraging AI for over a decade, starting with robotic process automation and machine learning. Today, AI is being deployed across the business, from revenue management and marketing optimization to geospatial analysis for identifying locations for new hotels. "Across the board, AI isn't just something that sits in the tech department — it's something that's core," Pacius said.

Choice's Revenue Optimization Consulting Services program, ChoiceROCS, for example, leverages advanced analytics and AI to provide our hotel owners with pricing and strategy recommendations. It's driving stronger Revenue Per Available Room (RevPAR) Index performance versus hotels that aren't using it.

### **Leading in an Age of Disruption**

Reflecting on his 20-year journey at Choice Hotels — from overseeing strategy to running the tech organization to leading the company as CEO — Pacius emphasized that technology is everyone's responsibility. "Technology is not [just] the tech group's responsibility," he maintained. "That's your responsibility as a leader — to understand how these tools can help you drive your performance better and help your teammates do better themselves... Rather than be afraid of AI, we're embracing it."

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