



GALT HOUSE

HOTEL & SUITES

Louisville's Most Accommodating Hotel

Sales & Marketing Report

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Introduction Letter from the Executive Director of Sales & Marketing

Dear Board of Directors:

Please find enclosed the * Sales & Marketing activity report. This month was an improvement from *, after all of the adjustments were made to our group room blocks we are now producing positive net numbers. We ended up with * definite room nights, which will fall in the years of *. We have established a new sales metric program, which consists of a mandatory number of calls weekly and monthly. The sales metric program has been included for your review along with our new sales activity recap sheets.

We attended the August ASAE Conference, which was attended by over 3,800 delegates from the meetings & conventions industry. We plan on attending Affordable Meetings Tradeshow in early *.

The market trend continues to be soft which is illustrated by the decline of total groups, occupancy and bookings for our hotel and the Louisville market. That is why we are working diligently to knock on doors to sell and market our hotels aggressively.

We are going the extra mile to know what our competitors are doing to make sure we do not lose one piece of business in any direction. The Hyatt is offering Meeting Rebates during their hot dates:

- 1,001+ paid room nights = The Hyatt Meeting Rebate of \$20,000
- 501-1,000 paid room nights = The Hyatt Rebate of \$10,000
- 251-500 paid room nights = The Hyatt Meeting Rebate of \$5,000
- 101-250 paid room nights = The Hyatt Meeting Rebate of \$1,000
- 25-50 paid room nights = The Hyatt Meeting Rebate of \$500.

The Marriott is making strong plays for our customers and are offering rates below \$100 for * and *. Clearly, their sales plan is to gain market share from Louisville's businesses and our customers. Until demand comes back for Louisville we have to do all we can to keep our customers and build new ones. Our local and regional competitors are going lower on rates and many Associations are taking advantage of the opportunity since they can now afford to go to 2nd or 1st tier cities.

This report and the industry update will show that we are starting to see some of the business starting to come back. While the industry is beginning to rebound (though in the early stages) destinations like Louisville will see a slower turn around due to the first tier cities and hotels enjoying the early returns of business. Until demand starts to fill those cities and they have less availability we will not see demand for our property and Louisville.

On a positive note we are seeing increases in our transient and business travel markets. *.com furnished * room nights in * and with an aggressive sales effort locally we are seeing business travel increase. At the risk of jumping ahead to * report, we just booked * room nights and this group plans to stay with us in two weeks. If this is a sign of the future, we are positioned well.

We have put in place our * representative and have hired a telesales company to generate leads for us. We are aggressively positioning ourselves for the * years by building strong sales effort for those years with this new representation.

The excitement about the renovation is flowing. The more information we get out the better we will sell. There are still skeptics out there that have heard of the renovation for years and feel that we may be "crying wolf" again. Without knowing exactly what we are doing and when we are doing it makes it difficult to sell. We are to receive from Hubbuch's this week a floor plan and that will allow us to complete our long awaited brochure.

We will use the timeline recently released as part of our selling effort and should see improvements for next year because of the completion of the new rooms.

We feel our staff is stable and experienced and posed to make run in the next few months to increase sales.

Please feel free to call if you have any questions 502-589-5200 ext 4708.

Respectfully,

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SALES AND MARKETING REPORT

Introduction

The following is a Sales and Marketing report, which outlines the implementation and update of new and exciting programs of The Galt House Hotel & Suites.

Executive Summary of Sales and Marketing

1. Striving to increase room night production through improved market penetration and market share.
2. Partnered with tour operators, wholesale, travel agencies, airlines, Convention & Visitors Bureau, and area attractions.
3. Continuing our efforts to support traditional markets but also target and explore new domestic as well as international markets.
4. Educate the planners of the local and national business community on the status and overall renovation of the hotel.
5. Developed and are currently marketing several destination, “value pack” with attractions, arts, culture venues, local restaurants to “bundle” with packages.
6. Educating and motivating the travel agency community to book our hotel.
7. Direct Sales destination presentations, renovation product launches and familiarization trips, citywide sales blitz.
8. Developing new sales collateral (Newsletter, brochures, multimedia).
9. Niche marketing.
10. Trade Show participation
11. Develop and execute marketing campaign.
12. Advertising media buys.
13. Coordinate programs cooperatively with agencies and marketing partners.
14. Execute public relations and communications plan.
15. Continue Web Development.
16. Continuing efforts toward telemarketing campaign.

Objectives for the Sales & Marketing Department

The Sales and Marketing staff works pro-actively with the travel trade industry (meeting planners, tour operators, wholesalers, travel agents, airlines, etc.) and travel media (newspapers, magazines, broadcast, electronic) throughout the United States.

Our program emphasis for this section includes:

- Promote The Galt House Hotel & Suites as a premier travel destination to the travel trade industry through trade shows, sales missions such as site visits. Coordinate familiarization tours throughout the Association and Meeting Planners Market to provide the travel trade with first hand knowledge of The Galt House Hotel & Suites product.
- Continuing to support the advertising campaign through media and public relations. Target top consumer and travel trade publications via media missions, interviews, press kits, events calendars and news releases. Coordinate media tours throughout the United States to provide print and broadcast media with first hand knowledge of The Galt House Hotel & Suites product.
- Continue to create cooperative opportunities for Louisville travel industry partners (convention and visitors bureaus, hotels, attractions, etc.) to participate in travel trade and media promotions.
- New focus is to create domestic and international consumer promotions to increase demand for The Galt House Hotel & Suites product.
- To continue to support the efforts of the sales and marketing staff, public relations and outside representation firms.
- Disseminate travel trade and media leads online to Convention travel industry partners.

Sales

Sales City Blitz

*have been knocking on doors. We have been turning over numerous leads as our city sales blitz has begun in our local market. We excited to share with you some of the companies we visited during the month of August.

*Companies and Contacts removed for privacy

Tradeshows

The ASAE convention was successful in Hawaii. Mr. * took to the ASAE floor and represented us to the meeting planner executives. This event brought over 3,800 delegates of influential people to Hawaii, giving us an opportunity to educate them on our hotels.

The next tradeshow is Affordable Meetings in Washington, D.C. held in early September.

* will be our representative for this show.

Activity

The following is a list of activity by Sales Manager for the month of *:

Please review the * Month End Report depicting the Summary of Definite Bookings and the Prospect List of new clients that our sales staff is currently working to turn definite.

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Revenue Management and GDS Advertising

During the month of * we have established rate guidelines to help our sales managers determine rates more efficiently when booking short-term or long-term business. These rates are currently being loaded into Daylight (Sales Tracking Program).

We have put together a daily occupancy graph to show the peaks and valleys of our hotel. This report helps us visualize our low and high occupancy periods. Please see the attached report briefing you over the daily occupancy for the rest of the * fiscal year.

*.com has made a tremendous difference in our transient room nights. We saw a significant increase in the month of * as *.com brought * room nights for the month.

Motorcoach Sales

Our motorcoach sales efforts are still heavily focused on Christmas at The Galt, Past and Present. The great news is that we still have * professional coaches booked for this * after cancellations and additions. For a comparison of planning on where we were last year vs. where we are this year, we are ahead with * coaches already booked for Christmas at The Galt *.

In conjunction with our sales managers selling this event to our local market, we will have a two page advertorial describing our renovations and Christmas 2003 and 2004, along with a full page four color ad in the fall issue of *Group Tour Magazine*.

*has also brought two new packages to The Galt House Hotel & Suites to help attract new Motorcoach business. 1) Cruise N' Snooze Package -\$148.00 per couple includes one night stay at The Galt House Hotel & Suites, baggage handling, continental breakfast and dinner and cruise on The Belle of Louisville. 2) Overnighter Package- \$174.00 per couple includes one night stay at The Galt House Hotel & Suites, baggage handling, ticket to Derby Dinner Playhouse Production and lunch cruise on The Belle of Louisville.

Marketing

Public Relations

We are planning a citywide FAM Trip with our local CVB for *. Next week we are planning on sending out an advertorial on The Galt House Hotel and Suites to the Travel Editors and National Local Media. (Please see the attached advertorial and Travel Editor Media List and National/Local Trade Media List.)

Advertising

We have 52 remaining spots worth of radio airtime ads on WHAS AM. These remaining spots will be utilized to spotlight our Christmas at The Galt Past and Present, in early November through December.

In addition we ran an ad for the August 2003- Convention South Magazine, July 2003- The Meeting Professional targeting the meeting planner. This particular ad showcases our new guest suites with our tag line \$50 million and Change. We were mentioned in several editorials written about Louisville, which were published in The Meeting Professional, Meetings and Conventions and PCMA Convene Magazine. Please see the attached ads and editorials.

We also won the Facilities and Destinations 'Elite Hotel & Resort Award along with the Stars of the South Award from Meeting South Magazine.

PriceWeber

The development of the new collateral pieces including the Beauty Brochure, Catering, Meeting & Corporate Rack Brochure is in the copy stage. We have taken different directions on each piece to magnify the hotel attributes in different lights to reach each designated market. These pieces will give information on the renovation, conservatory, KICC pedway, while highlighting the hotels location, destination, amenities, our restaurants, local map and a layout of our meeting facilities. Attached is our brand new Meeting Planner Rack Brochure.

Upcoming Events

We have met with Insight Media and HBO, concerning the details of the premiere party for the T.V. series Sopranos. Our target date for the event is now March 2004.

The Food & Beverage and the Sales & Marketing department are farther along with the planning of our New Year's Eve Extravaganza. The Rock n' Roll band that has been selected is "The Classics" and our Big Band has yet to be determined.

The Christmas at the Galt, Past and Present is a work in progress as we get closer to December. We are in the process of selling our remaining tickets to local church and corporate groups.

On Thursday, August 28, 2003 we hosted a Jazz Night featuring special jazz artist Brian Culbertson. Our first concert brought an excellent turnout with over 375 people. The cash bar was successful along with the trendy exposure we received as participants.

Market Trends From HSMAI

EXTENDED STAY HOTELS REPORT STRONG DEMAND:

Extended-stay hotels reported stronger demand growth and less decline in RevPAR than the overall U.S. hotel market in first-half 2003 compared to the same period in 2002. However, according to a report from [The Highland Group](#), the overall numbers do not tell the full story. As detailed in *The 2003 Extended-Stay Lodging Report: Mid-Year 2003*, a more than 6% decline in demand for mid-price extended-stay hotels offset demand growth in the economy and upscale segments, reducing overall growth to 0.2%.

ECONOMY, UPSCALE DEMAND STRONG; MID-PRICED SEGMENT DOWN:

Economy and upscale segments reported strong second-quarter demand growth but a sharp decline in the mid-price segment reduced the overall gain in room nights. Average rate declines in the economy and upscale segments were deeper than the overall hotel industry, but rate increases in the mid-price segment resulted in an average rate increase for the overall extended-stay hotel sector, according to the report.

LODGING, GAMING EXPECTED TO GAIN IN LATE 2003, 2004:

Demand will pick up in the lodging and gaming industries during the second half of 2003 and into 2004, predicted Tom Graves, casino and hotel equity analyst for Standard & Poor's Equity Research Services in a semi-annual study. However, Graves said the profitability of these industries remains vulnerable to such factors as cautious business spending, price-sensitive consumers, the threat of terrorism, and increased state taxes on the gaming industry.

"After two difficult years, the lodging and gaming industries should see improved customer demand in the second half of this year," Graves said in the "Industry Survey on Lodging & Gaming" report. On a full-year basis, he said, "We project that the lodging industry's average room occupancy level will remain below 60% for the third consecutive year, but efficiency gains and low financing costs should help the industry withstand the pressures of increased supply and soft demand."

INSURANCE COSTS UP DRAMATICALLY FOR HOTELS:

Insurance cost rose 62.5 percent per available room for all full service hotels over 2001. That is one of the results detailed in the annual Smith Travel Research (STR) 2003 Hotel Operating Statistics (HOST) Study which was recently released. While not surprising, the survey reveals the extent to which the cost of insuring hotels has risen. While the industry actually saw decreases in the cost of insurance during the last several years of the 1990's, HOST data shows a less dramatic increase the previous year. Between 2000 and 2001 insurance cost rose 14 percent. Now, for the first time, STR offers a five-year HOST Summary which demonstrates the trends in both departmental revenues as well as swings in departmental and fixed expenses.

UPTURN IN VACATION TRAVEL PREDICTED:

Vacation.com, with more than 8,000 travel agency locations across the U.S. and Canada, has experienced a definite upturn in vacation business since the war in Iraq ended, according to Dick Knodt, CTC, president and CEO of the travel services marketing organization. Specifically, land-based tour packages have come on strong, as we've seen some very aggressive marketing, especially from Europe. In addition, the pent up demand for travel to Europe goes back to the impact from 9/11/2001 and the lingering difficulties in the economy which took a bite out of travel plans at that time. Second to the growth spurt in travel to Europe this summer has been a strong increase in vacationing in the Caribbean. This has been a steadily growing market since May and the fall months of October and November are looking very strong with a surge in recent bookings. Cruise business remains strong, primarily because of lower prices, but Vacation.com sees cruise pricing getting firmer with some price integrity evolving, particularly from the better lines.

MORE BUSINESS HOTELS TARGET LEISURE TRAVELERS:

"With demand falling off for upscale chains or products in the top 25 markets, those hotels have had to augment or go after different types of business -- and that would be the leisure traveler," said Brad Garner, research analyst for Smith Travel Research. Hotels in general have seen a fall-

off in business meetings and a lot of people aren't getting into airplanes anymore. Many hotels are going after a market that's growing now, the drive, leisure-oriented market. While it is not unusual for a business hotel to pursue leisure clients, especially in the summer, this summer is different. The entire industry is coping with a prolonged slump in business travel, coupled with a rebounding leisure market. Most business hotels are using the tried-and-true carrot to lure leisure vacationers: packages. For instance, Choice Hotels has stepped up marketing for its "Gas Food Lodging" campaign this summer. In anticipation of a soft business travel market, Loews Hotels, which already had won awards from Child magazine and TV's Nickelodeon cable channel for its long-running Loews Loves Kids packages, decided this year to put renewed emphasis on families, particularly those traveling with teenagers.

CIC's APEX STANDARDS GAIN MOMENTUM:

The Convention Industry Council's APEX (Accepted Practices Exchange) initiative received some finishing touches from a roundtable of top industry educators, who weighed in on the proposed industry standards at the annual meeting of the International Council on Hotel and Restaurant Institutional Education in Palm Springs, CA. The Council's vision for APEX is to create an industry-wide set of standards and accepted practices that will be released in six sets beginning in November when standards on terminology and meeting histories will be released. The Council is also responsible for the Certified Meeting Professional program, and its 30 member organizations represent more than 98,000 individuals and 15,000 firms and properties involved in the meetings, conventions and exhibitions industry.

FAX SOLICITATION RULE DELAYED:

Members of the American Society of Association Executives are celebrating because ASAE and other associations were successful in delaying changes in the Federal Communications Commission regulations that would prohibit all solicitation faxes unless the sender has explicit written permission--with a signature--from the recipient. Originally slotted to go into effect this summer, the changes have now been pushed back to January 1, 2005.

YPB&R 2003 NATIONAL BUSINESS TRAVEL MONITOR REPORTS:

The travails of business travel are evident in the following observations from Yesawich, Pepperdine, Brown & Russell :

- * 51 percent of business travelers don't get enough sleep on business trips;
- * 27 percent find business travel a hassle;
- * 26 percent feel more stressed out on business trips.

Life on the road also amplifies other psychological and behavioral problems:

- * 33 percent of business travelers eat too much on business trips;
- * 23 percent feel lonely on business trips;
- * 8 percent drink too much on business trips.