The Galt House Hotel & Suites Marketing Plan

Prepared and Presented By:

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Introduction

- Review changes in market share-
- Leadership
- Players
- Market shifts
- Costs, pricing
- Competition

Background

- The Galt House Hotel & Suites formally The Galt House Hotel, is a $38 million per year convention hotel that is currently undergoing a $50 million dollar renovation and brand identity changes.

Employment Analysis

- The hotel currently employs 574 people. The following statistics are from July 2002 EEOC report: 285 total males employed, the breakdown consists of 150 White males, 109 African American males, 26 Asian/Hispanic males. A total of 292 females employed, the breakdown consists of 173 White females, 99 African American females, 20 Hispanic/Asian females.

What is The Galt House Hotel & Suites?

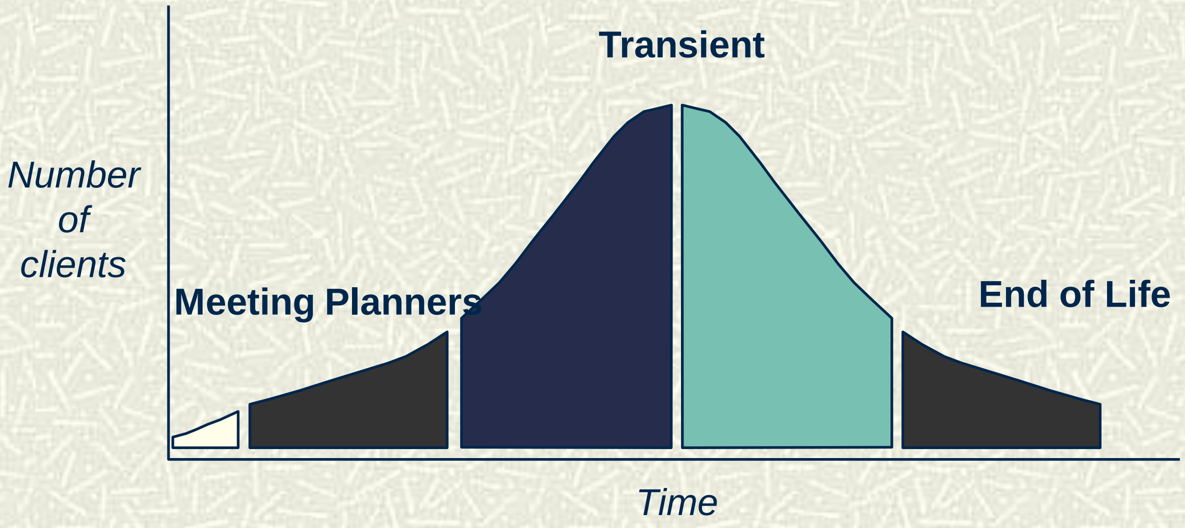
- Currently The Galt House Hotel & Suites operates 1,300 rooms including 600 newly renovated suites, 6 restaurants and lounges in downtown Louisville, Kentucky. The Galt House Hotel & Suites expects to complete their renovation in 2005. According to our owners, the primary goal is to deliver at least a (removed for privacy) % annual growth rate per year.

Finances

- The Galt House Hotel's room division and restaurant division's net income for fiscal 2003 increased by 35% for a net revenue of $ (removed for privacy*) million (rooms division) and $* (restaurant division). Headquartered in Louisville, Kentucky, The Galt House Hotel & Suites is a family owned company.

Market Summary

- Market: past, present, & future
  - Review changes in market share, leadership, players, market shifts, costs, pricing, competition



Our Past

- Sales Forecast for Fiscal Year 2005
- Estimated Occupancy- removed for privacy*
- Estimated ADR- *
- Estimated Revenue- *

Industry Past

- As we look back on 2004, we see a year of robust recovery for the industry prior to 9/11. In many notable published hotel business magazines, they summarize that the industry is essentially the same. They feel that we are in for at least two years of solid growth. However, they are watching with contingency plans in hand in case of future terrorist attacks or forces of nature to change the course of business.

Our Present

- Sales Forecast YTD Fiscal Year 2005
- Removed for privacy

Industry Present

- New construction and development are on the rise, at a moderate pace, according to Lodging Economy metrics. They predict a 1.2% net supply New Construction increase in 2004, 1.3% increase in 2005, 1.4% to 1.5% increase in 2006. After languishing as a specialty concept, condo-hotels take over as the latest development tool to help finance projects. By this time next year, there will be many more major projects utilizing the condo concept.
- Consumer confidence is up and is reflected in transient travel.

Our Future

- Sales Forecast for Fiscal Year 2006
- Removed for privacy

Industry Future

- PriceWaterhouse Coopers currently forecasts the real GDP growth of 3.9% in 2005 and 3.6% in 2006.
- It predicts demand growth to moderate in the next two years to approximately 2.8%. Occupancy is predicted to improve to 62.1% by 2006 with supply growth remaining at a moderate 1.5% in 2005 and 1.7% in 2006.
- ADR is projected to grow by 3.5% in 2005 and 3.4% in 2006, making ADR the primary driver of a robust forecast for RevPAR growth of 5.0% in 2005 and 4.5% in 2006.

Industry Revenue Growth

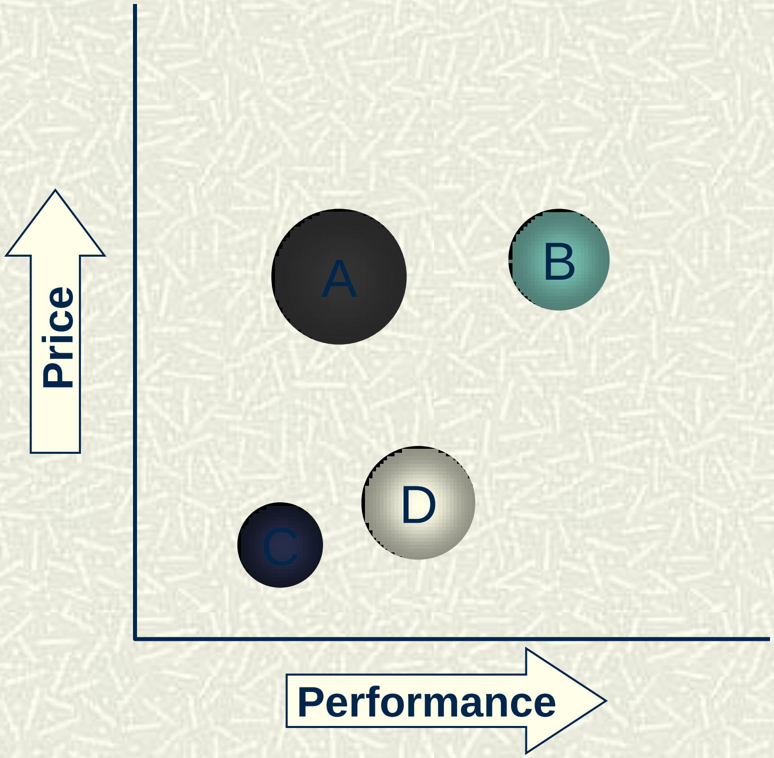
- As the revenue growth becomes more driven by ADR, profit growth will accelerate.
- PFK Consulting forecasts a 17.9% growth in unit level profits in 2004, with another year of double-digit growth projected in 2005.’
- So with the hotel industry comfortably in the early phase of a long awaited rebound, all signs point to a new mantra, we’ll be in heaven till 2007.

Internal Sales & Marketing Leadership

- Jeff Booth – ADOS
- Paul Crafton- DTT
- Juliana Jordan- MM
- Terra Huber- LSM
- Linda Franklin- NSM
- Kim Bridwell- NSM
- Mark Hancock- SSM
- Steve LaManna- NSM
- Becky Lutes- NSM
- Karen Napier- NSM

Competition

- The competitive landscape
  - Overview of competitors, their strengths and weaknesses
  - Position each competitor's product against new product



Local Players

- The following is a list of local hotels that compete with the Galt House for all types of demand.

Seelbach Hilton	321 rooms
Hyatt Regency	392 rooms
The Clarion	182 rooms
Camberly Brown	293 rooms
Marriott Courtyard	140 rooms

- Additionally, the Marriott plans to build a 615-room hotel adjacent to KICC, to be completed in March 2005. This property will compete with the Galt House for downtown convention business.

External Audit

Opportunities

- A one day drive for three-quarters of the nation's population
- Midwest is a growing area
- Revitalization of Downtown Louisville
- Clients prefer remodeled rooms and function space
- Upper-class clients prefer higher status hotels with apartments
- Connection to KICC with pedway

External Audit continued…

Threats

- Marriott Full Service Convention Hotel will be opening in 2005
- Strong Sales Staff within Marriott and Hilton Hotels
- Reduction in corporate spending due to downturn in economy
- Internet Shopping
- Aging Population may prefer a different assortment of hotels
- Rewards Programs from competitors

Competitive Profile Matrix

	Galt House			Hilton Brands		Marriott	
Critical Success Factors	Weight	Rating	Score	Rating	Score	Rating	Score
Advertising	0.20	2	0.40	2	0.40	3	0.60
Product Quality	0.20	2	0.40	3	0.60	4	0.80
Price Competitiveness	0.10	4	0.40	3	0.30	3	0.30
Management	0.15	2	0.30	3	0.45	3	0.45
Financial Position	0.10	4	0.40	2	0.20	2	0.20
Consumer Loyalty	0.10	3	0.30	3	0.30	4	0.40
Global Expansion	0.10	1	0.10	4	0.40	4	0.40
Market Share	0.05	2	0.10	3	0.15	3	0.15
Total	1.0	20	2.4	23	2.8	26	3.3

Space Matrix

Our hotel falls into the Aggressive quadrant. This quadrant should use its internal strengths to (1) take advantages of external opportunities, (2) overcome internal weaknesses and, (3) avoid external threats. Therefore, market penetration, market development, product development, backward integration, forward integration, horizontal integration, conglomerate diversification, concentric diversification, horizontal diversification, or a combination strategy can all be feasible.

Competition-
Global Market Share and
E-Commerce Perspective

Brand	No. Hotels in Chain	Hotels Year 1999	Wired in 2000	Web-site address	Mission Statement Given Web
Marriott	684	20	100+	www.marriott.com	No
Hilton	275	25	50+	www.hilton.com	Yes
Holiday Inn	1,105	NA	NA	www.holidayinn.com	No
Hyatt	111	16	20	www.hyatt.com	No
Radisson	228	NA	100	NA	NA
Westin	56	5	11	NA	NA
Sheraton	170	17	34	www.sheraton.com	No

E-Commerce

- USA Today recently rated the Web sites of national hotels in terms of quality and reported Marriott, Hilton, Hyatt, and Sheraton, to be best, with Radisson second tier, Holiday Inn third tier and Westin with no web site.

The Galt House Hotel & Suites E-Commerce Strategies.

- Further technological development of our own website adding tools such as : Video Tours, Awards Page acknowledging any prestigious award the hotel has received, and a Career Development Page to attract experienced, educated employees for the future generations, while placing a great emphasis on our new mission statement and vision statement so our future has clarity.

Market Share of the World's Largest Hotel Companies in 1999

Company	# of Rooms
Cendant	528,896
Bass	461,434
Marriott	328,300
Choice	305,171
Best Western	301,899
Accor	291,770
Hilton - Promus	290,000

Positioning

- Positioning of Hotel -In April 2003, The Galt House Hotel changed its identity and name to The Galt House Hotel & Suites. Also beneficial to the name change is the knowledge of the progress of the renovation among clients and the convention community.
- Statement that distinctly defines the hotel in its market and against its competition over time- ***Louisville's Most Accommodating Hotel***

Positioning

- Consumer promise
  - Statement summarizing the benefit of the hotel and service to the client, particularly North American Meeting Planners.
  - When examining our mission statement, one cannot reach a clear, precise consumer promise.
  - Working toward heavily marketing to North American Meeting Planners by participating in tradeshows, target email blasts, web development, increasing our partnership with third party representative such as Plansoft, Conferon, Hinton & Gruish, and many others.

Our Message

- Upon research, many hotels are rediscovering their promise to separate them from the competition.

- Some hotel chains focus on rate integrity such as We're proclaiming, 'We Promise or We Pay,'" said Barry Hughes, VP of Marketing & Distribution for WestCoast Hospitality. "We're so sure of our rate integrity that we're putting our money where our mouth is."
- Our recent marketing message has been $50 Million & Change. However in this day and time much more is expected from transient consumers and meeting planners.

What makes us different?

- The marketing goal is to expose our greatest strengths to the consumer.
- In an effort too remain competitive and satisfy an increasingly demanding guest, hotels have had to up the ante on amenities and they remain a top priority for traveling guests. –Hotel Business October 2004.

Planner's Expectations

Expect To Use:	ALMP	AMP	CMP
Destination CVB sales staff			
More often	14	15	13
The same	47	50	45
Less often	39	35	42

ALMP- All Meeting Planners %
AMP- Association Meeting Planners %
CMP-Corporate Meeting Planners %

Traditional Information Sources

Site Inspections	76%	75%	78%
Recommendations	61%	61%	61%
Property hotel/staff	54%	54%	53%
Informational Brochures	41%	39%	42%
Regional hotel/staff	37%	35%	40%
Representation of staff	36%	35%	36%
Local CVB	35%	38%	33%
Articles in trade publications	24%	17%	31%

Communication Strategies

- Messaging by audience- Tradeshow attendance and sponsorship participation in:

ASAE

MPI

PCMA

DSA

HOLIDAY SHOWCASE IN CHICAGO

SPRINGTIME IN THE PARK

AFFORDABLE MEETINGS

Qualitative or Quantitative Data

- Target consumer demographics
- Qualitative-subjective data
- Quantitative- historical data

Packaging & Fulfillment

- Hotel packaging
  - Discuss form-factor, pricing, look, strategy
  - Discuss fulfillment issues for items
  - COGs
  - Summarize Cost of Goods and high-level Bill of Materials

Launch Strategies

- Launch plan
  - Conservatory being announced.
  - West Tower renovation
- Promotion budget
  - Supply back up material with detailed budget information for review

Public Relations

- Strategy & execution
  - PR strategies
  - PR plan highlights
  - Have backup PR plan including editorial calendars, speaking engagements, conference schedules, etc.

Advertising

- Strategy & execution
  - Overview of strategy
  - Overview of media & timing
  - Overview of ad spending

Other Promotion

- Direct marketing
  - Overview of strategy, vehicles & timing
  - Overview of response targets, goals & budget
- Third-party marketing
  - Co-marketing arrangements with other companies
- Marketing programs
  - Other promotional programs

Pricing

- Pricing
  - Summarize specific pricing or pricing strategies
  - Compare to similar products
- Policies
  - Summarize policy relevant to understanding key pricing issues

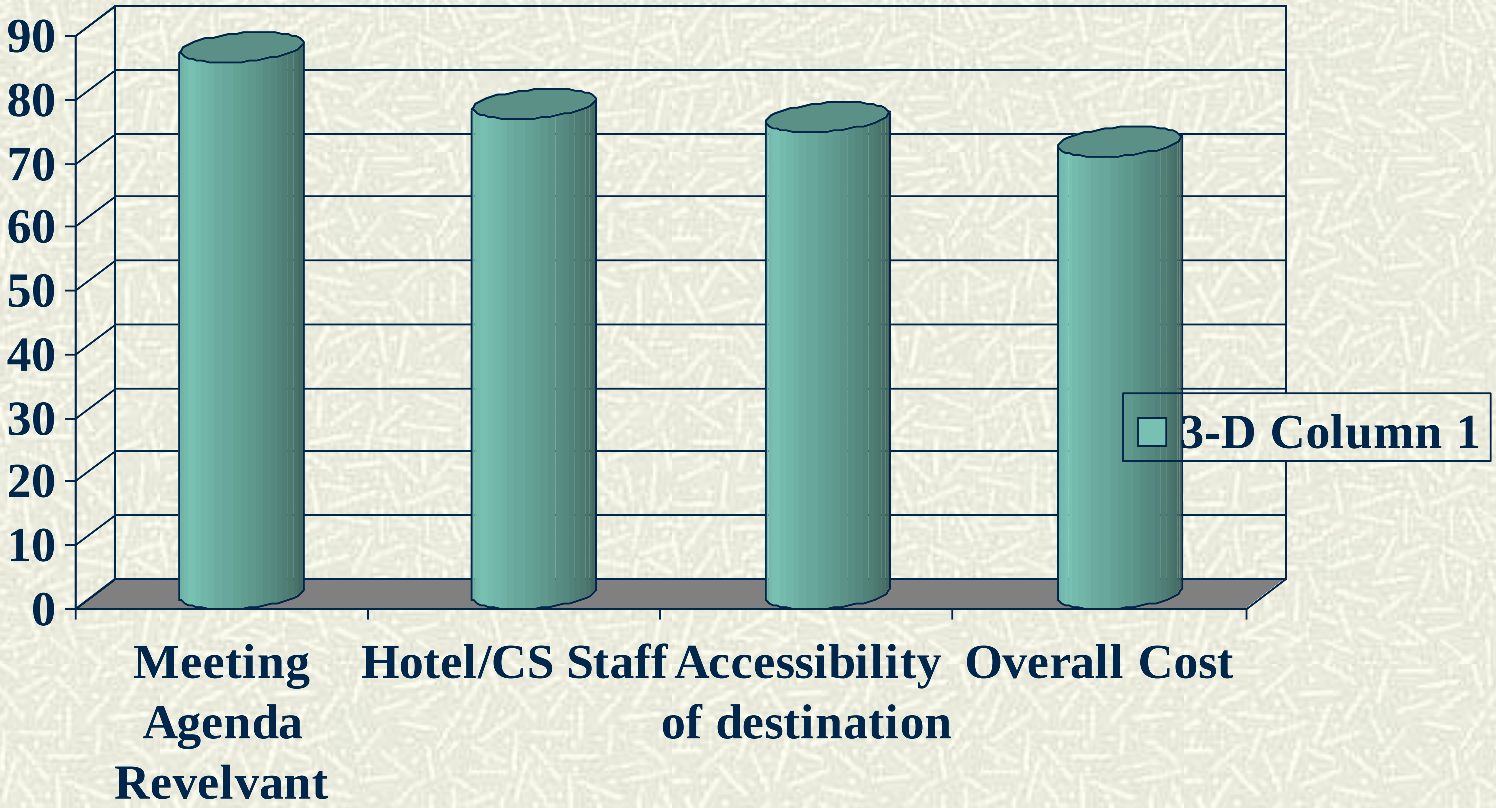
Distribution

- Distribution strategy
- Channels of distribution
  - Summarize channels of distribution
- Distribution by channel
  - Show plan of what percent share of distribution will be contributed by each channel – include a pie chart

Vertical Markets/Segments

- Vertical market opportunities
  - Discuss specific market segment opportunities
  - Address distribution strategies for those markets or segments
  - Address use of third-party partner role in distribution to vertical markets
  - Focus North American Meeting Planners

Attracting North American Meeting Planners



Key Concerns:
Association Planners

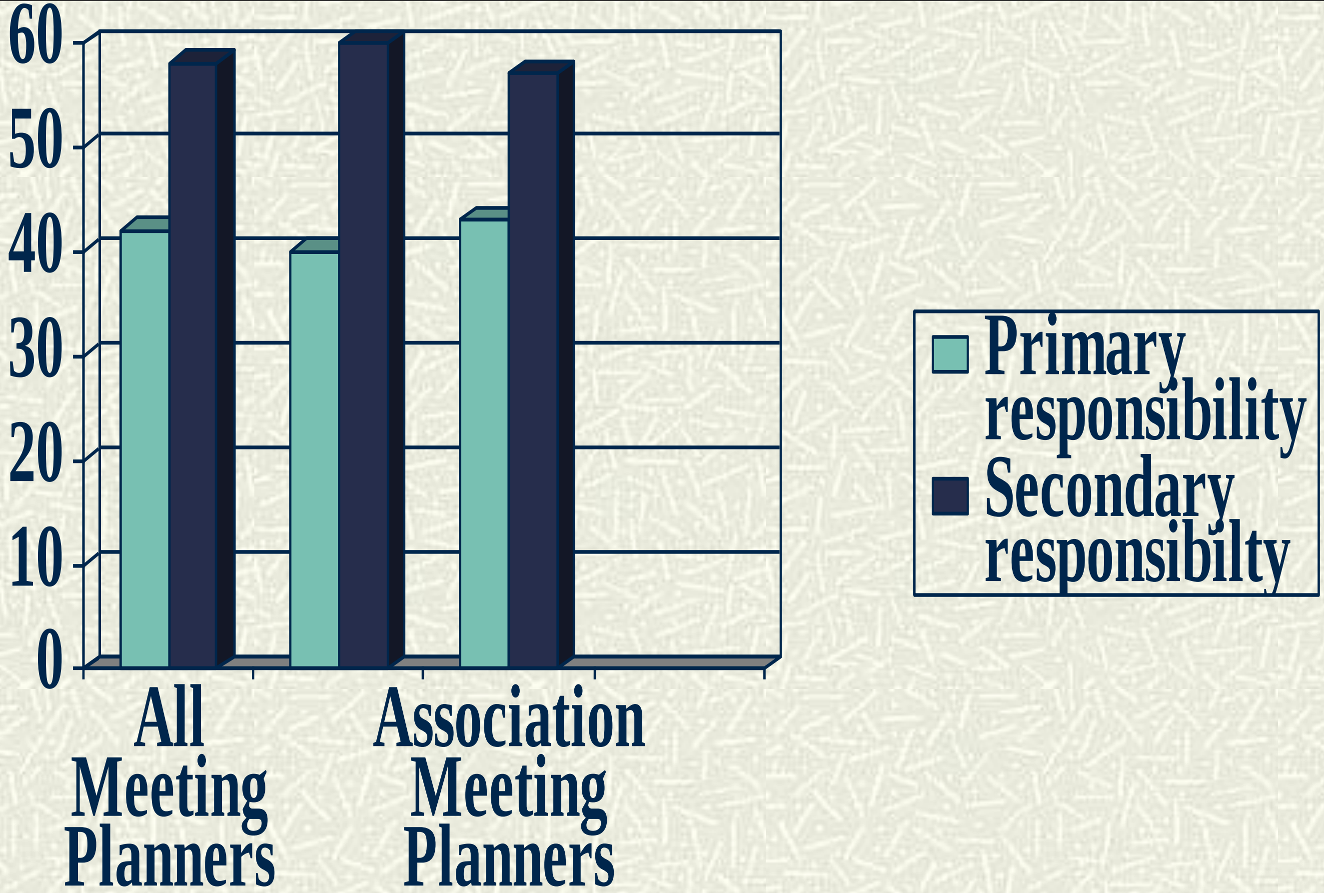
Methodology

- Representative sample of 904 pre-qualified meeting planners from across North America
  - 450 corporate/incentive
  - 454 association
  - Fieldwork conducted during the third quarter of 2004.

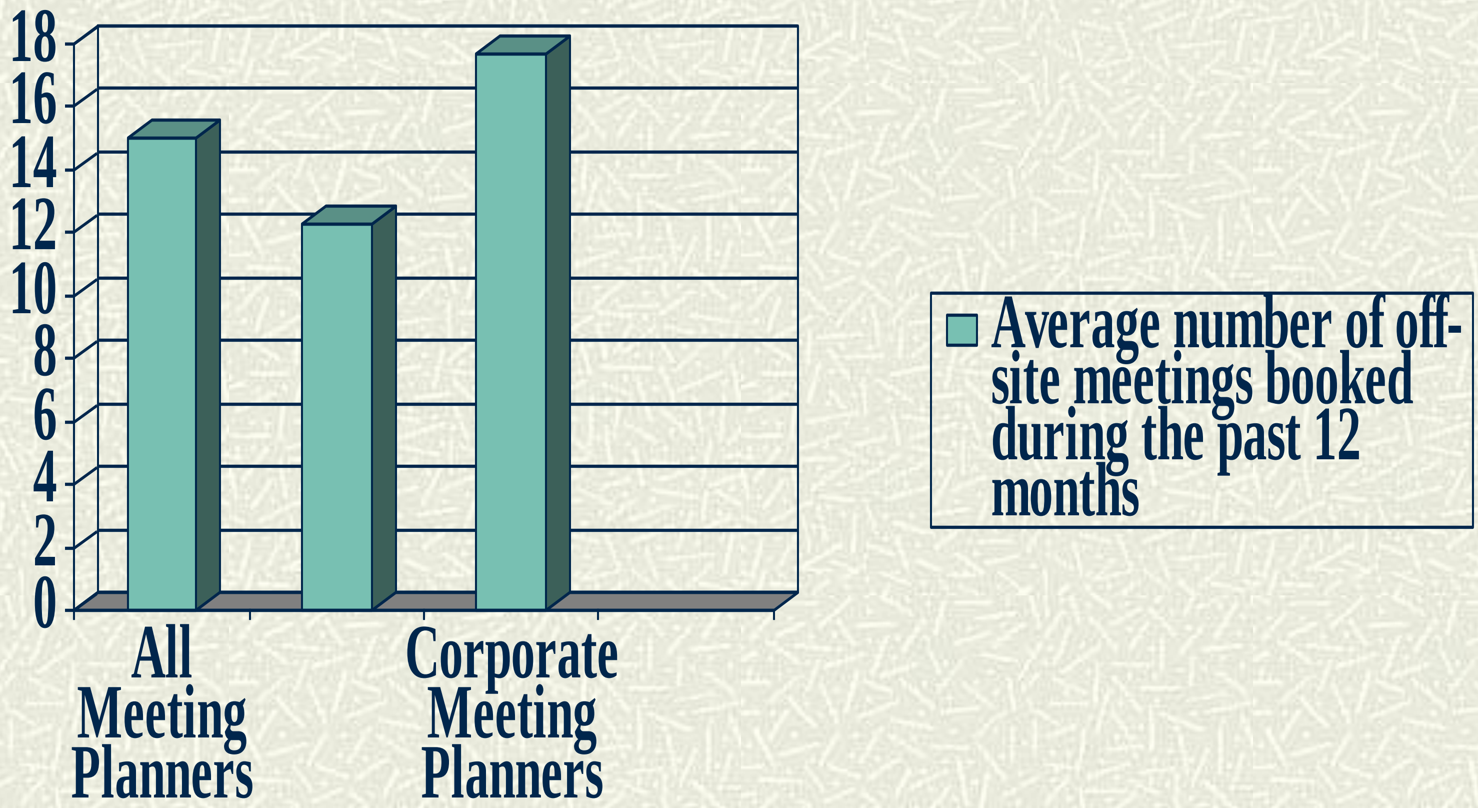
Meeting Planner Characteristics

- Very Accomplished
- Booked an average of 15 off-site meetings during the previous 12 months
- But only 4 out of 10 hold a meeting planning professional designation.
- Planner profile suggest additional opportunities for professional development.

Meeting Planner Job Description



Number of Meetings Booked



Off-site Meetings Planned

Next 12 months

All meeting planners	19%
Association planners	16%
Corporate planners	23%

International

- International distribution
  - Address distribution strategies
  - Discuss issues specific to international distribution
- International pricing strategy
- Localization issues
  - Highlight requirements for local product variations

Success Metrics

- First year goals
- Additional year goals
- Measures of success/failure
- Requirements for success

Schedule

- 18-month schedule highlights
- Timing
  - Isolate timing dependencies critical to success