



Nu Skin Enterprises, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And your first question comes from the line of Simeon Gutman with Goldman Sachs. Please proceed.

Simeon Gutman – Goldman Sachs

Hey, it is Simeon Gutman. A couple of questions about Japan. At last year's investor meeting, one of that market's more pressing issues of diagnosis being not enough recruiting, can you specifically address the recruiting situation in Japan? Are there people coming into the business but just that many more that are leaving right now?

Truman Hunt

Simeon, recruiting in Japan is our number one priority and is the number one aspect of our plan for the remainder of the year. What is happening there is that we're in the process of essentially transitioning from what has been a Pharmanex-oriented recruiting pitch over the last few years to a Nu Skin-oriented recruiting proposition based on the success of the Galvanic Spa that we're seeing globally. And so, we're already frankly seeing good results from that. Sponsory numbers are trending up over the last few months. More and more of our distributors are using the Galvanic Spa as a sponsoring proposition and so we expect that to continue to happen. It is still just in the early stages and what is really required in order to effectively work a transition is for leaders to see a success among other sales leaders and when they see that success, they also make that transition. And so, we're in the process of doing that and have no reason to believe that the Galvanic Spa will be any less successful in Japan than it has been everywhere else in the world.

Simeon Gutman – Goldman Sachs

And the response to the convention, I guess was sort of at the back half of the quarter and the new products I think you were bringing Galvanic and the Tru Face Essence product into that market, was that right?

Truman Hunt

That is correct. We launched a new Galvanic Spa package and Tru Face Essence Ultra, just in the end of May, beginning of June, and so those products are just beginning to take effect. We also launched LifePak Nano in the market at the Japan convention and expect those launches to have a positive impact in the second half of the year.

Simeon Gutman – Goldman Sachs

And allocating more management resources into that region or market, can you expect a strategy or an execution change, or is that to handle some more of the regulatory things that you were talking about?

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