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Nu Skin Enterprises Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from line of Kathleen Reid from Stanford Financial. Please proceed.

Kathleen Reid – Stanford Financial

Can you talk a little bit more about the improved sequential result in Japan. I know it was in line with what you had thought in November but just how some of the new initiatives put in place by your management change there have been going and what kind of positive momentum we have carrying forward in addition to the Arnox product launching at the convention in the first quarter. But just more specific on what's going on in Japan?

Ritch N. Wood

Kathy, you'll recall in our November presentation we presented some segmentation information that showed how we basically segment our sales force and highlighted the fact that we believe that part of our problem in Japan, if not a majority of our problem in Japan, has been the fact that over the past several years our management team has focused primarily on product related incentives to try to drive the business forward and to grow the business and our evaluation of the market and what we really need to do to rekindle growth in that market. We have concluded that we need to rebalance the scales of our promotional efforts between business promotions which provide incentives for recruiting and sponsorship leadership creation which is really the most potent component of the fuel that propels our business along with continued product promotions to some extent. The initial efforts to do that have shown good results and we have parachuted an ex pat from Provo into Tokyo who is a very big contributor in that process and is really helping our management team there focus on business drivers as well as product drivers to the business. With our May convention that's coming up we will continue that effort but we'll also be introducing into the market not only the Arnox product that we mentioned but we're also launching Lifepak now at our main convention which is a very healthy selling product here in the United States and we think that that will also have a good impact on growth in 2008. Do you want to add anything to that Dan?

Dan Char

I would just maybe make on other comment, Kathy, as you look at the year and as it goes forward, we had a convention in the first quarter of last year in Japan which probably pushed a little bit of additional sales into the quarter so I think as a comparable you know we'd expect our trend to be

consistent sequentially on a year-over-year basis and then begin to improve as we roll out the convention in the second quarter and then continue to improve throughout the year.

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