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Martha Stewart Living Omnimedia, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Richard Ingrassia - Roth Capital Partners.

Richard Ingrassia - Roth Capital Partners

Robin, Merchandising was steady in the quarter, obviously, while Macy's and KMart are reporting same-store sales declines that were, in a couple of cases, twice as high as the original forecast. Can you maybe break down MSLO's performance in category strength or was it strength of the SKUs themselves or maybe just smart guidance?

Robin Marino

Yes, I can for you. We don't normally give numbers out, but I'll tell you what's happening there.

We are remaining the number one most registered brand at Macy's, which is a very positive driver, and weddings are always happening, as you know. We're anniversaring our first year of business and so we've really expanded into the bestselling key categories, some of which include luxury bedding - and, by the way, luxury bedding is a very important aspect for us because it demonstrates the appeal for the better aspects of what we do and I don't see that changing. White wear, our cook's tools, enamel on cast iron cookware have all been really very strong.

And the other thing that's been great for us is that we've really worked on leveraging Martha's credibility in seasonal products to include a lot of giftable, seasonal programs that go in and out, whether it's Halloween, Thanksgiving, Christmas, Valentine's Day. So our business has been really, really staying on plan and we're very excited about that.

Richard Ingrassia - Roth Capital Partners

And maybe if you could say a little more about efforts to extend the brand into other categories, not necessarily at Macy's or K-Mart but in cleaning supplies, for example, or pets or anything else.

Robin Marino

Richard, we've got initiatives under way in both of those categories. Our research indicates that consumers are looking for cleaning products from us, and we are fortunate enough to have many people anxious to do business with us and we're in the selection process for cleaning, small appliance, pets, storage and organization to name a few - all areas where we feel we have strong brand equity.

Richard Ingrassia - Roth Capital Partners

I noticed in the November issue of Living there were four full pages from Meredith promoting their Better Homes & Gardens line of products at Wal-Mart. I'm just curious, I mean, is their retail initiative just too small to be of competitive concern or is this the need to grab out ad dollars where you can find them these days?

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