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Starbucks, Inc. F1Q09 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question will come from line of Joe Buckley with Bank of America.

Joseph Buckley – Bank of America

A question on the U.S. same store sales performance through the quarter. You shared the October-November, the final results came in down ten. I'm wondering as you look at that December data, if that additional softness was related to the holiday merchandise or more the core beverage business?

Cliff Burrows

It really was just a general lack of acceleration in the final weeks of holiday and indeed certainly the consumer was shopping for bargains and was waiting for reductions to go through. So we came out of it very clean, but there was some margin impact.

Operator

Your next question is from the line of John Ivankoe of J.P. Morgan.

John Ivankoe - J.P. Morgan

Howard, when you were talking about national price points, I mean it really does allude to national advertising. I mean advertising a price point on television. So could you give us a little meat around, since March is only a month away, how you're planning on communicating that value and whether it will be limited time only or permanent?

Howard Schultz

John, I appreciate the question. I think as noted in my comments, we are making significant strategic shift. We've never had really national pricing and so the markets have been very different from market-to-market. So this is a change. The pairings that we're talking about, you alluded to bundling, this is an attempt that we think is a very strong sign of the things that we need to do around value and the research that we've done strong indicates that the appetite from our customers to respond positively is there.

For competitive purposes, I'm not going to respond to what we may do or when, but we are making a commitment and we think it's the right thing to do at this time and is very, very important to

demonstrate a deep level of understanding and sensitivity about what our customers are feeling and our research strongly suggests that.

Operator

Your next question is from the line of Jeffrey Bernstein of Lehman Brothers.

Jeffrey Bernstein - Lehman Brothers

Talk a little about the potential impact of the 800 U.S. closures on the rest of the system, specifically with the comps. I think you said 400 already closed, just wondering if you've done a study to look at the neighboring stores. What the impact is to those stores and if you have made a comment regarding January and the flow through from December consumer weakness and whether that continued into January.

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