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Tupperware Brands Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Doug Lane – Jefferies & Company.

Doug Lane – Jefferies & Company

Rick, can you talk in a little bit more depth about your beauty businesses at Fuller Comesticos and BeautiControl? Where both of those businesses have been such stars for them to deteriorate so rapidly, particularly in this environment and in Mexico where you would think the beauty business would hold up fairly well. I understand the change in the MD at BeautiControl but maybe a little bit more granularity on the specific steps you're taking today to get those businesses right sized?

E. V. Goings

Firstly, it wasn't an issue of right sizing there. Let me take them separately. The Fuller Comesticos business in Mexico, it was up nicely this past year. What we started seeing though in late September was a fall off in the recruiting levels and the size of the average active sales force. By the way, you saw a big concentration of that in the Maquiladoras area which banded the US, as I mentioned earlier.

What we've done is we've made adjustments there with regard to recruiting incentives. Secondly, we've strengthened regional management in that area. We've put our stronger regional managers in that area and we put an added emphasis on expanding the sales force. It has nothing to do with our average order size, that's generally been looking good. The merchandise in the brochure has been looking good, this is has been sales and sales management issues.

By the way, we moved in another person, one of our strongest people in to become head of sales so we made a big shift there. There were about four or five elements that with this weakening in the US economy the pressure felt in Mexico, I just don't think we had the right sales management senior team in place there so that's where we made the changes and that's led to about four or five actions that we've taken down there.

Let me turn to BeautiControl there, BeautiControl has not been a new problem. We have been lackluster at BeautiControl for almost two years there. We experienced the first three years of that business dramatic north of 20% growth and then it stalled out starting two years ago. It's become clear to us that this was not just sales management issues, it was also marketing issues. We were starting to go too much toward recruiting people to buy the kit and to buy products at cost rather than getting her to recruit to seriously build a business.

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