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Red Robin Gourmet Burgers, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Matthew DiFrisco – Oppenheimer & Co.

Matthew DiFrisco – Oppenheimer & Co.

Denny, I guess just following up on the last comment there with respect to gaining share. I guess you're not going to be advertising as much as you did the year before and you're going to be slowing your growth. How, do you expect to gain share I guess is just the question? And, do you expect then overall that you're going to see continuation of contraction throughout '09 as it appears in your traffic guidance number in your press release?

Dennis B. Mullen

I think it's going to be individual location by individual location where we have a number of instances where both our chain competitors and private operators have closed and we would expect we would clearly gain share in those markets so I think it is a building process. It isn't going to happen next week and next month but it will happen as we go forward and as we make decisions about continuing development. Also, we haven't given guidance so we will see how our marketing efforts work as they can help us drive share as we go forward.

Matthew DiFrisco – Oppenheimer & Co.

Well, if I'm not mistaken there's 25 basis points less than what you also spent in '07?

Katherine L. Scherping

Yes. We spent about \$11 million system wide in 2007.

Matthew DiFrisco – Oppenheimer & Co.

To clarify, I think when you were helping us calculate the credit covenant, the debt covenant you then do not have to capitalize your operating leases?

Katherine L. Scherping

No, we do not.

Dennis B. Mullen

We do not.

Operator

Your next question comes from Jeffrey D. Farmer – Jefferies & Company.

Jeffrey D. Farmer – Jefferies & Company

If you look at the 28 weeks in '08 that you were not running national cable versus the 24 weeks or so that you were running cable, was there a meaningful difference in same store sales and traffic especially as you got towards the back half of '08? All of '08 in general but in terms of when the macroeconomic situation got sort of far worse?

Dennis B. Mullen

If I think I understand your question, in the first quarter of '08 we were up 3.8% and we started TV in the earlier '08 than we did in '07, we started it the Monday after Super Bowl so that's why we said the first quarter our comparisons would be much more difficult and we weren't impacted at that point we didn't feel we were impacted by the macroeconomic environment.

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