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Cox Radio Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Marci Ryvicker.

Marci Ryvicker – Wachovia Capital Markets

My first question is it sounds like you may have plans to restructure. I just wanted to understand if that's the case. And then my second question is can you just talk about the dynamic between the number of units being sold and what's going on with ad rates in this type of environment?

Robert Neil

Marci, I'm not sure I understand the first part of your question.

Marci Ryvicker – Wachovia Capital Markets

Should we expect severance payments, layoffs, something that you're going to do that's not allowing you to provide us with any type of information on operating expenses?

Robert Neil

Marci, we do things a little bit different from our competitors. We're really decentralized so we don't make broad sweeping statements about we're going to lay off some X percentage of our workforce or stuff like that. We let the individual GMs in the markets determine what kind of staffing they need to deal with the economic environment, to deal with product and revenue. So, no, I really don't expect that.

I suspect, as we have done really over the last two or three years, when we've seen an opportunity to take some efficiencies and restructure things, we've done that. But if you're asking me do we have some kind of grand plan that we're going to layout in front of you, the answer to that is no. We're going to just manage the business as we have been on a local basis and let the local management teams come up with what they need to do to run their businesses.

The second question, I think, dealt with units in AUR. Actually, you would expect demand in this environment to be depressed, and demand has actually been pretty decent but AURs are way, way off. And the simple fact is that the folks that are out there right now, the buyers of the time, have the leverage on their side and, of course, they're being pressured by their businesses to try to reduce costs, so they're coming to us trying to do the same thing.

So it would not surprise me to see at the end of 2009 that we have virtually the same utilization on units that we did in 2008, but the AUR number is going to be down fairly dramatically. As somebody said yesterday when I was getting off an airplane, in this economy, everything is on sale.

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