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V.F. Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question for today will come from Todd Slater – Lazard Capital. Please go ahead.

Todd Slater – Lazard Capital Markets

Thanks very much. Good evening everybody.

Eric Wiseman

Hi, Todd.

Bob Shearer

Hi, Todd.

Todd Slater – Lazard Capital Markets

I appreciate all of the color; it's really helpful. I was wondering if we could talk a little bit about the premium denim business, it sounded like you said the seven business in your own vertical stores was on plan, if I heard that correct, but overall was weak, so I'm wondering, can you give us a little more color on the concentration of the weakness by channel and the difference between maybe sort of the basic styles and fashion skews just maybe a little bit more color on that category.

Eric Wiseman

Sure, I will give a couple of comments about the business. We have like nine or 10 stores we've opened, so that's relatively new for us and it's an important part of the future of the brand, but not a big part of the current performance of the brand, but again important to the future.

The biggest piece of the business is the U.S. wholesale business and you know which accounts they sell and how difficult the challenge has been in those accounts. The total business, Todd, is down around 10% in the quarter and it's because partially a big part of that is driven by the wholesale business in the U.S. as well as the wholesale challenges in Europe. It is absolutely in a piece of the market that has been most challenge in this economy and that's more premium watch receptor. But again, our stores are performing at our expectations, but they are very new stores. Did that help you?

Todd Slater – Lazard Capital Markets

Yes, but even when the wholesale – in the wholesale U.S. which is I guess some of the department stores as well as specialty stores, can you give us a sense of how if there is a differentiation between those two channels.

Eric Wiseman

I am not sure that I am fully prepared to answer that, what I would tell you is that into the wholesale business and the big department stores, because you see their comps, so you know how they are struggling right now to get traffic into the stores. In the specialty store business, we are losing lot of customers, not that they are dropping the brand but the stores are going away and that's a big part of the challenge that we have right now with the brands, so Todd I don't have a number for you on how big that is.

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