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Cooper Tire & Rubber Q1 2009 Call Transcript

Question-and-Answer Session

Operator

Yes sir. (Operator Instructions). Your first question comes from the line of John Murphy.

John Murphy - BAS-ML

Good morning.

Roy Armes

Good morning John.

Philip Weaver

Hey John.

John Murphy - BAS-ML

I wanted to touch on the market share shifts that appear to be happening in North America, at least based on your comments. I mean, you said your unit shipments were down 24% while the industry was down 14%. I'm just wondering what the driver is, or do you guys see competitors being much more aggressive on pricing? Are there market... sort of just mix shifts that are going on that you're not playing on? I'm just trying to really understand what happened with that discrepancy.

Roy Armes

John, this is Roy. The biggest driver of this is really the influx or flooding of some of the Asian imports that are coming in and using the... in most cases, the private label channel to distribute their products. And it's very, very price competitive and we're also seeing at the same time consumers shifting down. And what we're doing is we've introduced some products in that value segment that really is going to be attacking or going after being a strong player in that segment.

Where we spend a lot of time in the last year or so year, a year and a half, updating our premium products, we've seen a very good mix with our premium products. That shows in our numbers as well as our Cooper brand have outperformed the market. And we're now in attacking and addressing the value segment. So that's really been one of the drivers there.

John Murphy - BAS-ML

So, Roy, just maybe sort of a strategic question as we step forward here. Clearly, you've usually had strength at the bottom end... the lower, I shouldn't say the bottom; the lower end of the market. Sounds like there is tires flooding in there and you've been shifting up market. So I mean you've kind of been getting whipsawed here. I mean, as we look forward really strategically, where do you see Cooper really best positioned in the market as far as the stratification in mid-tier, low HBA? Really, where do you see the sweet spot for you guys going forward? Or is it going to be a shifting market and you're going to try to spread the entire spectrum?

Roy Armes

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