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Sara Lee Corp. F3Q09 (Qtr End 03/28/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Chris Growe - Stifel Nicholas.

Chris Growe - Stifel Nicholas

I have just a couple of questions for you. I feel compelled to ask about the marketing. I do have a recorder. So maybe a way to ask would be that it obviously was down in the quarter. Can you talk about how much is being put back into other forms of marketing, like trade promotion and coupons.

And then I also would ask along with that if the decline in volume this quarter, if you feel like it's at all related to the lower MAP spending or what could we do to get the volume growth moving up from that down rate this quarter?

Brenda C. Barnes

I guess I would start off my saying that the key metrics we're looking at is market share, on an ongoing basis. And that's how we're calibrating whether or not increases or decreases in MAP spending are having an effect.

So when we look at each of our segments, we feel very good that where we're putting our investments in our core brands, in our core categories, they are actually showing volume increases.

Right now we are suffering from volume declines in a couple of different ways. One is we have exited a number of businesses. You know, that show up in the numbers because they're not pulled out. We are de-emphasizing categories and products that are not long-term profitable for us. And there are certain markets where the economic conditions are just really hurting our volume trends. So I relate it more to those things than I do an immediate impact of the marketing decrease.

You know, our ups and downs on MAP are due to our product innovation of launches. You know, and some quarters were hurt by the investment and some quarters benefitted by reduction in the number, relative to a year ago.

But, having said all that, we are keeping a close eye on supporting our brands in the marketplace because that is our life blood and that is what we want to make sure that we keep supporting.

Chris Growe - Stifel Nicholas

You have kept a pretty range for EPS for the fourth quarter, on the low end, pretty good bit below the prior year and current levels of consensus. Is there a rationale for that? Are you just being conservative or is there something you see that could prompt a little softer fourth quarter?

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