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Weight Watchers International, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question is from Jerry Herman – Stifel, Nicolaus & Company.

Jerry Herman – Stifel, Nicolaus & Company

I'm wondering if you folks would be willing to update us on the penetration rates of Monthly Pass in the respective geographies? I know you talked a little bit about this at Investor Day and wondering if you can give us an update there?

Ann M. Sardini

In terms of the penetration of attendance in NACO we're roughly in the same ballpark, around 60%, a little over 60%. UK is doing well, climbing close to 40%, Germany is way up in the 60s as is France. So we're doing well I think across the board especially given the economy that we're facing to penetration and Monthly Pass.

David P. Kirchhoff

In particular in the UK still we were continuing to see upside as the conversion rates are increasing with each passing month.

Jerry Herman – Stifel, Nicolaus & Company

You said Germany 60% plus?

Ann M. Sardini

Yes.

Jerry Herman – Stifel, Nicolaus & Company

David, maybe could you give a little bit more color on the promotional type activities that might occur, how that would work and maybe what sort of changes may take place with Monthly Pass if any?

David P. Kirchhoff

Historically the way Weight Watchers has promoted the meetings business has been through free registration which back in the pay as you go environment registration fees were not an insignificant portion of the cost of joining meetings. We found ourselves increasingly in a situation where with more

and more of our members on programs like Monthly Pass, the allure of free registration is lost under the fluster compared to other promotions.

In some respects you can kind of look at the NACO meetings business as operating still with the promotion but nothing unusual and certainly nothing that reflects any of the typical promotional activities that you're seeing from a lot of other service companies and other retailers. So we're now evaluating a number of different possible approaches that we're going to be putting into test shortly so we can measure lift versus cost.

I'd rather not go into the details of exactly what those promotions would be right now for competitive reasons, but I think we have a number of opportunities to significantly improve the value proposition to consumers and to do it in a way that doesn't significantly impact the overall economics of our business.

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