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Darden Restaurants F4Q09 (Qtr End 5/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from the line of Jeff Omohundro of Wachovia. Please go ahead.

Jeff Omohundro - Wachovia

Thank you. Referencing Drew's remarks on Red Lobster, the shifting emphasis to value and affordability, is this a messaging change or will there be something more significant occurring at the menu at that concept during 2010? Thanks.

Andrew H. Madsen

Just to clarify my comments there, the overarching goal for Red Lobster this year is to continue their brand refresh, continue to broaden appeal, but we know it's a very value-sensitive environment where affordability is a major concern in general and the higher your check is, the more of an opportunity is for brands in particular, and Red Lobster has taken steps to be able to augment their brand building messaging with more affordability and specific value messaging, so their quick catch lunch program that started late in the second half this year would be an example of something that they would be using more consistently this fiscal year.

Jeff Omohundro - Wachovia

And do you see a need to respond to the more aggressive couponing, discounting and messaging around that within a mid-scale at that concept?

Andrew H. Madsen

Well, we have three broad filters for when we think about our promotion plans and discounting and Clarence touched on these -- we want to make sure that anything we do in that area contributes to profitable sales growth, maintains the integrity of our business model, and maintains the integrity of our brands going forward. And as we look at what we did in fiscal 2009, all of our brands, Red Lobster included, maintained their competitive level of outperformance of the industry in same-restaurant sales and so we don't see a -- as well as contributing to broadening the appeal of their brand, so we don't see a need to dramatically change what we did in the advertising and promotion side. In fact, we're not sure that would be the best thing for our brands long-term in any event.

Operator

The next question comes from the line of Matthew DiFrisco of Oppenheimer. Please go ahead.

Matthew DiFrisco - Oppenheimer

Thank you very much. Clarence, I just wanted to get a little clarification on your guidance with respect to -- you said that you are being somewhat conservative here but can you comment a little bit on did trends get worse as far as June or the underlying consumer trends you're seeing? And could you put that in context with what we lapped a year ago with the influence from the rebate checks? Are you seeing as we get through the end of June the rebate checks having potentially less of an effect than they may have had in the beginning of May?

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