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Coach, Inc. F4Q09 (Qtr End 06/27/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Bob Drbul - Barclays Capital

Bob Drbul - Barclays Capital

The questions that I have all stem around the top line as you look at the business. The comment that you made around Poppy in July, can you maybe expand upon just how dramatic there was an improvement during the month of July. The second part of that would be can you just talk about in the factory channel the email promotions to factory consumers and how sustainable you think the factory channel is.

Lew Frankfort

What we are saying here at Coach is that Poppy created a positive inflection point for Coach in our North America full price stores and Japan. When we talk about an inflection point it is significant, we'd rather not be specific of course because it's early days, its four or five weeks and we have a long view. What it does do is reinforce our new pricing strategy to rebalance our assortment as well as the opportunity come out with a broad new lifestyle collection that is youthful in attitude yet appeals to our broad and diversified consumer base.

With regard to factory our business continues to be very robust and we feel very confident that we can continue to grow our factory base because we have a very strong consumer who is brand loyal but is looking to buy Coach on a sale. Its effectively a diffusion channel, we do not go on sale in our full price stores so we force the consumer who want to buy Coach and get a full array assortment of Coach, although last year's product or product made exclusively for factory to go to the factory channel. Its works very well.

In terms of emails, what I can say is that it's a marketing lever for us we're very enthusiastic about our ability to draw into factory stores consumers who are exclusive factory shoppers and they do respond to price. Again, we do not go on sale in our full price stores.

Operator

Your next question comes from Kimberly Greenberger – Citigroup

Kimberly Greenberger – Citigroup

Do you have something following Poppy that you think can sustain the momentum that you're seeing here in July? I know the Poppy collection will live in the stores or do you think it's that the improvement in full price is really driven by the new pricing strategy and the collections that follow also have that lower price point of view.

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