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eDiets.com, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from [Dietrich Bass] – Canaccord Adams.

Dietrich Bass – Canaccord Adams

You know the revenue was pretty strong relative to our estimate and I just want to get some more color on the back half of the year. And I understand it's a seasonally lower period for the diet season. And I'm just kind of wondering, you know, if you step back and look at the macro, you know, is there more pressure coming from the poor economy? Or do you see any uptick in the competitive environment?

Stephen J. Rattner

The macro economy I mean there's definitely a [pinch] on consumer spending. I think that that's being experienced everywhere. As far as the competitive environment there's nothing new in this space. There's lots of competition. We think we have a very unique offering with quality products, so we're getting ready to compete.

Thomas J. Hoyer

For the second half of the year, you know, as we've talked about before our B2B portion of our business we have, you know, we're focused on that for the second half of the year. Because you're right for the B2C to the consumers is seasonal, cyclical. So we're focused on the B2B portion for the second half of the year.

Dietrich Bass – Canaccord Adams

And I guess going to your B2B partners, I know you don't want to give out who they are, but could you perhaps comment on what type of customers they are?

Stephen J. Rattner

Yes. It's not that we don't want to; in many cases we can't. They're different channels. As we did announce we did launch the Jillian Michaels Meal Delivery Program with Jillian Michaels and with Waterfront. There's a health insurance provider that we are launching with, as well as a fitness center. So there's different channels and different ways that we're going to be able to reach our consumer base, their customer base.

Dietrich Bass – Canaccord Adams

Switching over to the food delivery side, what do you guys have to do successfully on the IT side, the fulfillment side, manufacturing, etc.? And I guess where do you stand on all those initiatives to make this a successful channel for you guys?

Stephen J. Rattner

We've been working very hard since last year and up until a couple of weeks ago on the IT side and getting things right on the IT side, which we have done. We are continuing to improve our methods of operations on improving the supply chain, coming up with methods to lower our food costs and distribution costs to the consumer to increase our margins. Those things are currently underway and we expect to have all those things in place within the next several months, but we've made significant progress in that area, starting a couple of months ago as well.

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