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InfoSpace, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Lloyd Walmsley with Thomas Weisel.

Lloyd Walmsley - Thomas Weisel Partners

I was wondering if you guys had more granular information on where the O&O query growth is coming from? Is it more from natural traffic gains from better product enhancements you've made or can you tell if it's more directly driven by the marketing spending? Any color you could give there would be helpful.

David Bradley Binder

We are seeing growth in both those areas, both from product improvements yielding higher monetizable volume on our core sites as well as the direct advertising. I would say that the direct advertising is driving a little bit more than half of that growth.

Lloyd Walmsley - Thomas Weisel Partners

And are you putting more emphasis on any of your particular owned sites. We noticed that the Webcrawler traffic was up nicely in the last several months. Is there anything going on there marketing driven or is that more natural or product enhancements?

James F. Voelker

The Webcrawler is much more related to the direct marketing spends. But the monetization improvements, or the product improvements, that we implemented in the quarter, really go across all sites.

Lloyd Walmsley - Thomas Weisel Partners

And touching on that, to what extent, I guess, it sounds like some of your product improvement was on the monetization front. To what extent has this growth been query-driven versus monetization-driven?

James F. Voelker

I think as David said, it's pretty much half and half. You know, the direct marketing of course drives the queries and then the monetization end of it converts those into dollars.

Operator

Your next question comes from Kerry Rice with Wedbush Morgan.

Kerry Rice – Wedbush Morgan Securities, Inc.

You provided full-year guidance, which is not typically what you do. Or you haven't done it for a couple of quarters. What gives you the confidence in being able to provide that for your outlook.

David Bradley Binder

If you will recall, at the beginning of the year we said we were giving just guidance for the forward-looking quarter and not for the full year. As we were beginning to ramp up some of the products and marketing initiatives. I think given where we are now in the year, in the calendar as well as the status of those programs, we feel now is the right time to give a little bit more forward-looking guidance.

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