

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Stamps.com Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Kevin Liu - B. Riley and Co.

Kevin Liu - B. Riley and Co.

Kyle, in terms of that promotional expense benefit of the subscription, I was just wondering if you could quantify how much that was and perhaps where we can expect that number to go as we move into the back half of the year?

Kyle Huebner

Effectively, what happened is, our promotional costs per customer has come down. So our future expected liability for promotional items that customers will redeem in the future was reduced to reflect the stock. So that resulted in the reduction to the Q2 promotional expenses.

It's a little hard to quantify because some of the benefit of the reduced promotional expenses is really going to be an ongoing benefit going forward with lower promotional expenses. I don't think it's really all a one-time benefit in this quarter.

I think the best guidance that you can have is if you look at last year, our promotional expenses were \$385,000 so on a year-over-year basis the benefit of 266 was somewhere around \$650,000 benefit. As I said, I think some of that reflects as an ongoing benefit that we'll see in terms of the promotional expenses.

Kevin Liu - B. Riley and Co.

In terms of your retention program, are you continuing to scale up either sales personnel or any training around that and I'm just curious to what we should expect in terms on investment around that?

Kenneth McBride

I think we scaled it up quite a bit during the second quarter and so we're probably more in a steady state mode now. We have added quite a few personnel to the retention process from the second quarter so we felt like we had saw some impact during the second quarter to both paid customers as well as service fees but net-net we're excited about the retention program. We think it's a very positive ROI investment and we plan to continue to run that program going forward.

Kevin Liu - B. Riley and Co.

In that program, have you seen any trends in terms of increases in your ability to keep ties or are you seeing any change in the return on that?

Kenneth McBride

No, not really, we're continuing to experiment with the different formulas, the different types of offers to make and different circumstances with customers until we refine our approach. I think net-net we're getting better at it but I think we're seeing similar economics as what we've seen all along. It's an extremely positive ROI when we make the retention offer and see the customers.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.