

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha (α) in orange, all on a dark red background.

Shutterfly Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And we will first here from Aaron Kessler, with Piper Jaffray.

Aaron Kessler - Piper Jaffray

Hi guys, a couple questions. First, any update, may be on how the business is progressing through April? And also, are you turning to more promotions to try to may be offset some of the conversion rates that you are seeing on the site? And one or two follow up questions.

Jeff Hausenbold

Great. Thanks, Aaron. Without specifics on how April is going, let me talk a little bit about typically how the first quarter comes in. Mark talked about January was the strongest, followed by February and March, where February and March typically are about equal to each other, and we saw that consistent this year as well.

And then for the rest of the year, we typically see increasing revenue month by month for the rest of the year. We've seen a consistent pattern in April, as we have in the first three quarters, and our guidance for the full year reflects our understanding and visibility through the first four months of the year.

As it relates to promotions, we did a few more promotions in the first quarter, falling into two buckets. The first was trying to do targeted, one to one marketing for the customers that we acquired through the Yahoo! and Sony, shutting down of their sites, and migration to Shutterfly, and then also the customers that we got through the Target relationship. So we did a little more promotion there, to try to get people exposed to the broader product suite that we have, versus those sites that have closed down.

And then secondly, we were trying to drive additional cross-sell and up-sell particularly to our photo books, and our cards, to our existing customers for both the Easter and the Valentine's Day holidays.

But I wouldn't characterize that we did anything extraordinary, or heavy discounting or promotions, because our customers, our customers don't typically respond to promotions in the way of, say lower economically characterized customers would.

Aaron Kessler - Piper Jaffray

And as quickly on your print revenues, do you feel the slower growth is that more due to the macroeconomic issues, or are you seeing any pressure from competitive pricing?

Jeff Hausenbold

We are not seeing pressure from competitive pricing. Keep in mind that our engagement metrics were very strong; visits were up 32%, regis. up 32%, and image uploaded is 41%, and shares 28%, and for example, the visits, if you look over the last three years, this first quarter's visits were up nearly 70%, over that three-year average.

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