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Stamps.com Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thanks, gentlemen. (Operator Instructions)

And we will take our first question today from Mr. George Sutton with Craig-Hallum

George Sutton - Craig-Hallum

Hi guys, nice quarter and a few questions. First, Ken, can you discuss the priority discount shipping in more detail? How much of a stimulus for new customers could that be?

Ken McBride

Sure, we're really excited to see the rates discount, something we have been asking for some time; it really strengthens the value proposition and the marketing messaging will be enhanced. Obviously, one of the key messages we always said is the save money with our service and this one just kind of makes it a lot more clear.

I think it is harder to really predict exactly how this will play into individual customer decisions, in terms of how it could impact churn, how it could impact acquisition. Numerically, the discounts are really primarily what we think really matters is the priority mail discount and the discount for a one-pound package is only about 1%, so the retail rates are going to be \$4.80 per one-pound priority package whereas electronic rates are going to be \$4.75.

But two 2-packages are also significant and the rate discount for those is much higher, more like 4% so I think we are excited to see how it could help us in terms of the marketing message, and how it could help us in terms of just strengthening the value proposition.

George Sutton - Craig-Hallum

Great. Second, you mentioned a desire to market the multi-user capability "aggressively" in the back half of the year. Could you give us a sense of how you plan to do that?

Ken McBride

Sure. As you know, we recently completed a multi-user technology; it is live within our customer base right now, we're not really pushing it so far. So, within the product you can navigate to it by going in and going to the place within the product where you can select different price plans and the multi-user plans they are available right now or our entire base.

What we do typically when we want people to notice something is, we will put it front and center on the home page of the client. We will do a pop up typically within the client, we will send an email; so those are the kinds of things where once we decide what our sort of our final pricing is going to be, we will start hitting the customer base much more aggressively with the messaging to upgrade. And then in certain segments of our marketing, we may also feature the multi-user as one the key message points, it just depends on which segment we are going after.

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