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Hollywood Media Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from Murray Arenson of Ferris Baker Watts.

Murray Arenson - Ferris, Baker Watts

Thanks. Good morning, Mitch. A couple of questions for you; one is, did you have full benefit would you say of the pricing leverage in the fourth quarter?

Mitchell Rubenstein

You're talking about in our Broadway.com business?

Murray Arenson - Ferris, Baker Watts

Yes.

Mitchell Rubenstein

Well, we continued to test different pricing strategies during the fourth quarter and of course, our testing was interrupted by the Broadway stagehand strike, so we averaged about 24% service fee during the fourth quarter. But I would say that the test was interrupted by the Broadway stagehand strike, so we are continuing to test and continuing to charge service fees in approximately the 24% to 25% range.

Murray Arenson - Ferris, Baker Watts

And so as you look out at 2008, and obviously you are well through first quarter here, how do you handicap the growth prospects looking at the two components of pricing versus just overall unit sales?

Mitchell Rubenstein

Well obviously the first quarter, as you know, is generally the weakest quarter for Broadway ticket sales seasonally, so it's hard to extrapolate completely off of the second quarter but we are maintaining without difficulty 24% to 25% service fees.

We cannot project what full year unit sales will be, just because it's too early in the year to do so and we'll have more visibility as we get into the second quarter and into the summer.

Murray Arenson - Ferris, Baker Watts

And looking at both the business, both the major business units, how do you view things with respect to any economic exposure?

Mitchell Rubenstein

Well, the weakness in the dollar benefits Broadway, given the number of foreign visitors, tourists in particular that come to New York, more and more so given the continued weakness in the dollar.

A lot of it will depend strictly on travel into New York City. Some people drive into New York and others fly into New York, so we're not seeing any impact at the moment in terms of the economic conditions on the Broadway industry as a whole. But I can't predict what will happen as the year unfolds.

In terms of the ad sales business, given the past weakness in that particular division, I don't think that the overall weakness in the economy will have much impact on our ad sales business, given the room to grow that exists there so I see no impact from that on our ad sales business unit.

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