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Priceline.com Incorporated Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Scott Barry – Credit Suisse.

Scott Barry – Credit Suisse

Bob or Jeff could you just frame for us how the Ryanair agreement fits in in terms of your distribution strategy? Then maybe you can touch on what you're seeing in terms of direct distribution and repeat frequency?

Jeffrey H. Boyd

With respect to Ryanair affiliates have always been an important part of our distribution strategy both here and internationally and in particular branded distribution and travel branded distribution is good especially with an airline of the size and brand and quality of Ryanair. So, they're always attractive transaction if the economic terms are right and the presentation is right and we think we've got a very good deal and transaction that fits well with what Ryanair is looking for in terms of a hotel booking service and fits well for us. So, we're very happy to have that business and we have very strong inventory in Ryanair city [inaudible] so it's really a good fit.

With respect to the balance of distribution, we've said on prior calls that we remain very happy and this thought applies both in the United States and Europe with the direct business that we're getting, with the momentum in the direct business we get, we think it's evidence of the strengthening of our brand. We do it in different ways here in the United States, we have a lot of offline branding but we're getting the same kind of dynamics in Europe as our online branding work and the great work that the team is doing on web presentation, the inventory and the service is really driving customers to come back to the website.

We don't publish or give out any numbers with respect to that kind of performance but we're happy with what we're seeing in the direct channel and we're happy with what we're seeing in terms of repeat business and I think that's one of the reasons why you've seen what at least in our opinion are pretty good unit growth metrics that underlay the results we announced today.

Operator

Your next question comes from Analyst for Scott Hamann – Keybank Capital Markets.

Analyst for Scott Hamann – Keybank Capital Markets

In terms of your cost structure of fixed versus variable could you talk about how much flexibility you have as to maintaining margins and maybe outline some things that you can work on specifically?

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