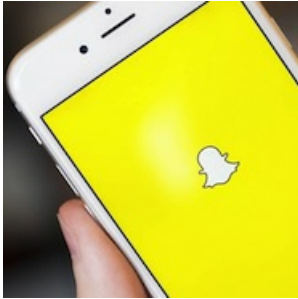


MOBILE

Is Snapchat's fleeting nature undermining its monetization efforts?

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Snapchat

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Snapchat's rates for non-holiday advertising has fallen recently, most likely due to the platforms' inability to produce data and procure steady brand followings with its 24-hour time limit on most content.

The mobile messaging application is still fairly green in terms of its status as an advertising platform, with many advertisers wary of its effectiveness due to lack of productized data. However, these discounted rates are only for a normal day, not for holidays and it will likely not stick.

"Snapchat ad rates have come down on normal days, but holidays and peak days are still high," said Matt Rednor, CEO and founder of [Decoded Advertising](#). "If costs are being lowered, they will not stay that way for very long.

"Snapchat is one of the only platforms with a growing user base, so it will be able to command premium prices as long as the eyeballs are there," he said. "Right now, marketers are still a little hesitant since Snapchat does not have robust measurement and analytics in place on the ad side, so it is tough to justify the spend beyond just a cost per impression or cost per view standpoint.

"Once that rolls out, prices will start to normalize based on what impact the ads actually deliver."

Snapping success

While Snapchat is still seeing a serious amount of users rates and is one of the most accessed social media apps, it recently dropped its ad rates. Advertisers are highly interested in the channel to connect with consumers, and its growing inventory of innovative ad products is enticing to marketers.

□

Example of Snapchat advertising

But Snapchat has still lacked the ability to provide the data that advertisers want and need. It is imperative for marketers to judge how well a campaign is running and how to replicate it on other channel but Snapchat's platform simply lacks that ability.

Marketers are also wary of the fleetingness of its content, as most of its advertising and user-generated content disappears within 24 hours. This means that advertisers lack the ability to create a continued following.

Millennial mobility

The mobile messaging app is highly popular with millennials, and drastically unpopular with older demographics. Although its ad capabilities launched last year, due to lack of knowledge or sustainable data, many marketers are categorizing the platform as a testing space.

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Sponsored Snapchat filter

"Ad rates do appear to be lowering," said Carrie McIlveen, U.S. director of marketing at [Metia](#). "[Snapchat] still seems to be a testing spend, although more brands are starting to view it as a very effective advertising tool.

"Snapchat creates a very organic, inside look that many brands fans are receptive too," she said. "Innovative brands are using this unique ad format to build an emotional connection and experience that can strengthen their relationship with fans.

"The decrease may be the result of some brands concerns about the difficulty to build a following based on content disappearing after 24 hours. Therefore they are hesitant and not willing to pay high ad prices, because of this, Snapchat seems to be offering different kinds of ad units to allow smaller and larger ad campaigns for brands to advertise with them."

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