

COLUMNS

## To move forward, Snapchat must look to Instagram

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As social commerce continues to explode, Snapchat is all the rage with brands as diverse as Mountain Dew and Urban Decay thinking outside the box to engage the platform's nearly 100 million active users.

Snapchat is a marketer's dream, with users watching 8 billion videos per day and spending an average of 30 minutes inside the application. With such a prominent influence ranking as the fastest-growing social network among millennials there is ample talk about how Snapchat will monetize, especially given its ephemeral nature.

Immersed in branded lenses, sponsored geofilters and video reels, Snapchat already has its head in the advertising game. And though on the surface the messaging giant seems to be broaching uncharted territory, Snapchat's narrative closely echoes the early days of Instagram's advertising, embracing native and organic content to engage with users.

Since Facebook bought Instagram for \$1 billion in April 2012, it has revolutionized the platform's advertising game an essential feat since 93 percent of prestige brands are on Instagram and looking to engage new and returning customers.

Since the Michael Kors ad that started it all, Instagram has emerged as brands' darling advertising platform, used for everything from announcing new menus to launching dating sites.

By 2017, Instagram's global mobile ad revenue is expected to reach \$2.8 billion, making it a tough act to follow.

Nevertheless, Snapchat's ad play is gaining steam, expected to reach between \$300 million and \$350 million in revenue this year.

As Snapchat continues to evolve, it should look to Instagram's playbook to enhance its strategy and assert itself as an asset in the social advertising space.

### Organic presence

Often, the most successful social advertisers are the brands that maintain a steady organic presence. Such is the case with Instagram, where most brands kept accounts long before it opened its doors to advertisers.

Fashion retailers, in particular, have thrived on the visual-centric platform, where they not only share branded content, but can encourage fans to share user-generated images as well.

User-generated content (UGC) is especially potent because it helps consumers visualize themselves interacting with apparel, while eliminating the stigma associated with more traditional marketing.

Like Instagram, countless brands turned to Snapchat before advertising was an option, leveraging its Stories feature to share updates with fans.

In Stories' earliest days, Taco Bell employed the app to introduce its Beefy Crunch Burrito while GrubHub began snapping a daily scavenger-hunt, inviting fans to send back a doodle of food for a chance to win \$50 in GrubHub orders.

Ultimately, interacting with fans on the platforms of their preference fosters stronger consumer-fan relationships, setting the stage for profitability down the line.

#### Native ads

With 43 percent of millennials valuing authenticity over content, it is essential all sponsored content seamlessly aligns with user content.

Instagram ads and native content are practically identical, only distinguishable by a "sponsored" tag.

With a millennial-centric user base, cramming Snapchat full of traditional ads would counter this cry for authenticity.

In fact, Snapchat ditched its initial, more traditional ad unit which put commercial-like trails in users' list of Stories to watch.

Snapchat's ad play is now laser-focused on sponsored lens and on-demand geofilters that temporarily appear within the app beside native features.

Geofilters are linked to both timely events that affect broader regions such as the New York primaries and hyperlocal filters for businesses down the block.

Branded lens, which launched in October, have a broader reach.

On Halloween, Snapchat premiered its first branded lens in partnership with the Peanuts movie, which enabled users to add lens to animate selfies with candy corn and characters from the Charlie Brown comic strip.

By leveraging these native functionalities, brands have the ability to share their messages with highly targeted audiences while incentivizing users to engage with ads in a memorable manner.

#### Ad-friendly content

For ads to succeed, they must exist among content appropriate for their audiences.

Instagram has been banning and reporting sensitive content since its earliest days, ensuring communities created inside the platform were advertising-friendly.

Meanwhile, Tumblr, which was acquired by Yahoo around the same time as Instagram, has had a difficult time profiting because of content unsuited for advertisers.

Like Instagram, Snapchat has foregone any major complications.

While the content shared amongst friends is often of concern, much of Snapchat's ads live separate from user content, existing in its Discover section within channels from BuzzFeed, Vox, Cosmo, IGN and MTV.

As it stands, some of the publishers have exclusive deals to sell their own ads, though Snapchat reportedly wants to have more control over the ad inventory within Discover.

While Snapchat has 100 million daily users, Cosmopolitan, a top Discover publisher, has said it attracts about 3 million viewers a day, highlighting a clear incentive for Snapchat to sell ads that could reach wider audiences.

#### Technology

Instagram has successfully leveraged its relationship with Facebook and the benefits of its ad technology, which offers the best mobile targeting on the market.

Facebook's ad technology allows marketers to target audiences based on specific interests and demographics, appealing to sharper consumer segments. This is the area where Snapchat is going to face its greatest obstacles.

As of now, Facebook and Google have a near monopoly on their ability to properly target users, fueled by their ability to garner information about users from other parts of the Web.

To succeed, Snapchat ultimately needs a sophisticated ad-tech stack that works well in mobile, something it does not have and that is complicated to build from scratch. But even if Snapchat is able to build this technology, it will be difficult for the company to get the amount of data that Facebook and Google offer.

ALL THINGS CONSIDERED, Snapchat potentially be more valuable as part of Facebook or Google than on its own.

Though Snapchat has a long way to go before it approaches the profitability of Facebook and Instagram, the platform is well on its way, demonstrating an aptitude for understanding its target audience and the types of content that they are most likely to engage.

By continuing to follow in the footsteps of Instagram and other success social ad giants, Snapchat may bring forth a new era of engagement and understanding.

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