

MARKETING

Snapchat halts user loss amid record revenues

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Snapchat's ad sales have rebounded. Image credit: Snap

By SARAH RAMIREZ

Snap Inc. surpassed expectations with its earnings for the fourth quarter of 2018 as the social media platform has stymied the loss of users.

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During the holiday quarter, Snapchat reached a record revenue of \$390 million, an increase of 36 percent year-over-year. Not only has the company's daily user number stabilized at 186 million, but more than 1,000 companies advertised on Snapchat in 2018.

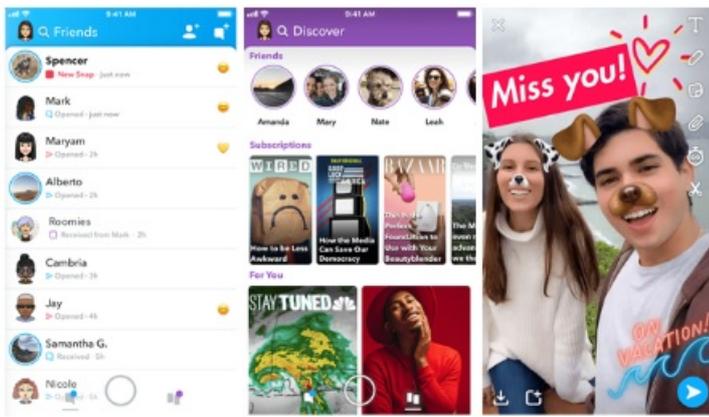
"Q4 is a big time of year for advertisers, and with so few places to reach a younger demographic, it makes sense for brands to allocate some of their spend to the platform, especially during such a crowded time for marketers," said Krishna Subramanian, cofounder of **Captiv8**, San Francisco.

Snapping back

Despite Snap's rebound, its share prices still remain at less than half of its peak of \$20.75 a year ago.

While the number of North American users remained steady at 79 million, Snapchat grew its user base in Europe from 59 to 60 million.

The stop in shrinkage contributed to a 37 percent increase year-over-year in global average revenue per user.



Snapchat's user interface

Seventy percent of Americans between the ages of 13 and 34 years old engage with video content on Snapchat, and 30 percent more users are watching its Publisher Stories and Shows on a daily basis than they did a year ago.

This engaged audience has kept Snapchat in the minds of marketers as an intriguing advertising platform.

Last year, Snapchat rolled out new ad features to all global advertisers. The new offerings include Collection Ads, Product Catalogues, Advanced Pixel Targeting and third-party agency partners ([see story](#)).

More than 1,400 companies advertised on the multimedia platform in 2018, according to MediaRadar.

"During the year we saw positive indicators in our data that Snapchat was improving," said Todd Krizelman, CEO at [MediaRadar](#), New York. "For instance, the number of advertisers in Q4 was up over 40 percent year-over-year."



Audi shared special Snapcodes with Brighton users. Image credit: Audi

While most of these marketing efforts were individual campaigns, 17 percent of advertisers remained on Snapchat for at least six months. Media companies accounted for 30 percent of the ad spend on the platform, while retail brands were responsible for 10 percent of the ad spend.

"Luxury brands like Burberry, Canada Goose and Ralph Lauren have already ran ads on Snapchat, and Snapchat ad use among apparel and retail companies is growing as a whole, but much opportunity still exists," Mr. Krizelman said. "For brands looking to build a foothold in the millennial market, Snapchat is a strong channel to do so."

Visual competition

One of Snapchat's main challenges going forward is rebuilding its daily active user base, especially as it continues to face competition from other social networks.

In 2018, Facebook's Instagram introduced IGTV, a new home base for the platform's expanded video offerings, including hour-long videos and curated films. Instagram is banking on the long-form vertical videos as a way of helping brands get even closer to their audiences, building engagement for the platform's brand partners ([see story](#)).

Chinese social media platform WeChat soon followed in the footsteps of Snapchat and Instagram with the launch of its own "stories" feature, giving luxury brands the opportunity to share ephemeral content on the popular application.

Dubbed "Time Capsules," the feature allows WeChat's more than 1 billion monthly active users to upload videos that disappear after a 24 hour period, a departure for the mobile application that typically emphasizes utility and productivity. Luxury brands often rely on WeChat to reach elusive Chinese consumers, and Time Capsules has the

potential to change their tactics ([see story](#)).

"Audiences follow content and content is with the creators," Captiv8's Mr. Subramanian said. "Historically Snap didn't do much to engage with the creator community or entice creators to invest in the platform.

"They need to make up time for being late to the game with their creator toolset and continue to build tools to keep creators happy and investing in creating content on the platform," he said.

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