



Snapchat (SNAP) 2018 Q3 Earnings Summary

October 2018

[Sign Up For Additional Research From Evolution Media Capital](#)



Snapchat (SNAP) 2018 Q3 Earnings Summary

October 2018

Snapchat Key Takeaways



Snapchat Is Heavily Investing In Premium Video Content That Is Created Specifically For Mobile Devices

USERS

- **Community spends more than 30 minutes per day on the platform and 60% of DAUs create Snaps every day**
 - Have attracted a loyal community because the core messaging product is built to support people's close friendships
- **Opportunity to grow DAU over time is based on expanding from their core of 13 to 34 year-olds in the U.S. and Europe**
 - Need to increase the 34-plus audience in those markets, which is more of a marketing and communications challenge
 - Providing core product to the 13 to 34 audience in the rest of world markets is more of technical challenge

CONTENT

- **There's just huge demand for premium mobile content that is vertical and fast-paced in an effort to draw viewers in quickly**
 - Narrative structure is made for mobile in a way that resonates totally differently than videos made either for the Internet or for television
 - In Q3, 21 unique shows in Discover reached a monthly active audience of over 10 million viewers
- **Trying to get the right mix of exclusive content to bundle together in a personalized feed**
 - Opportunities to improve the layout and potentially separate out that content in a way that makes sense for users

ADVERTISING

- **Over the past 2 years, have transformed their advertising model to self-service, and are now beginning to see the results**
 - Continue to improve monetization as they scale sales efforts to smaller advertisers that they couldn't initially reach
 - Really wanted to expand their ad products to serve brand, direct response and always-on advertisers all over the world
- **Continue to see opportunities in improving measurement, relevance and optimization to drive growth**
 - Plenty of runway to grow the number of active advertisers, increase the average spend per advertiser and increase inventory

ANDROID

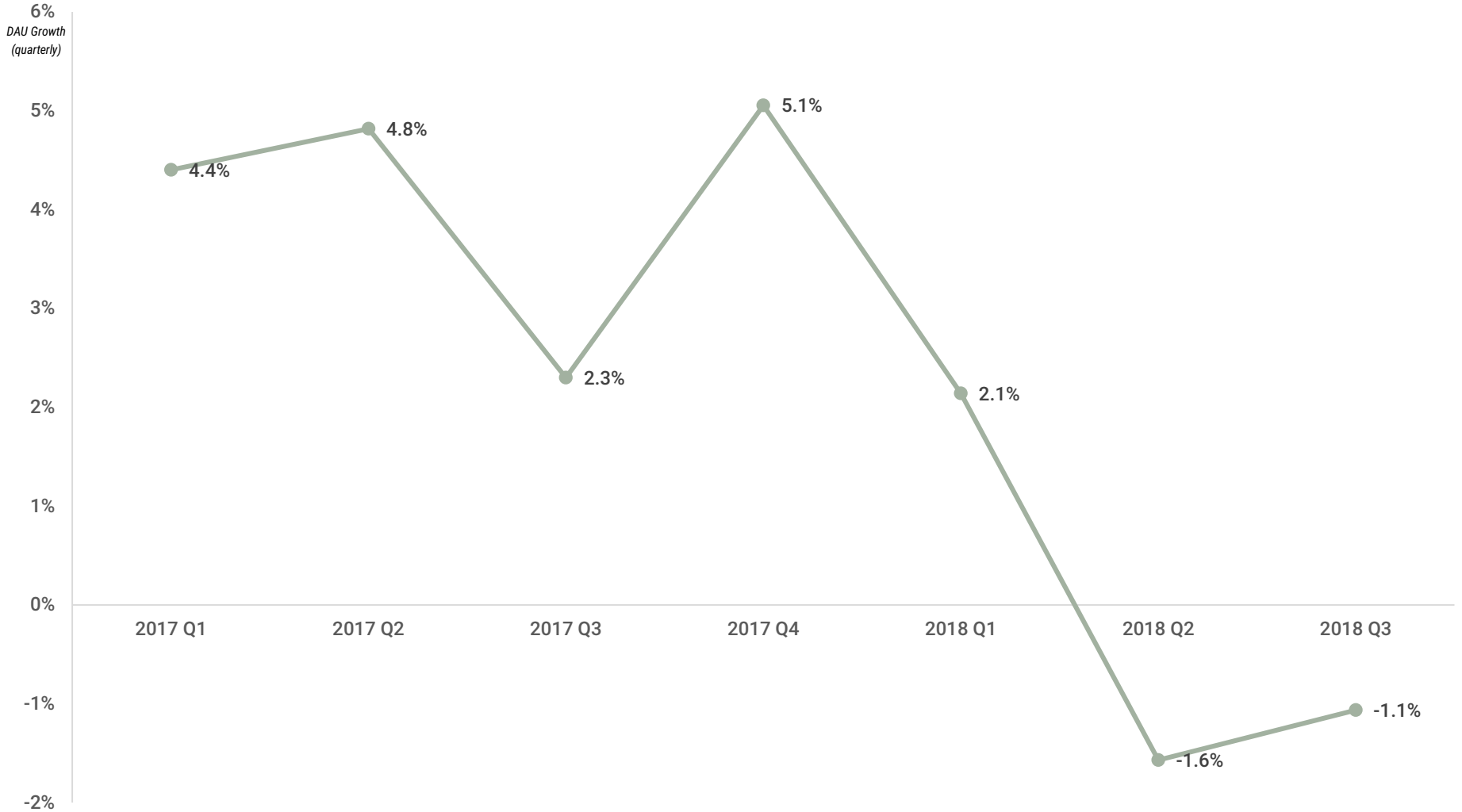
- **Have been developing a completely new version of their Android application to be lightweight, modular and performant**
 - Android community represents a global growth opportunity and are making good progress testing the application in select markets
 - Really want to make sure they have the right foundation for the application going forward because that will also help them innovate quickly

All of the new products and features need to complement the core communication tool rather than try to replace it

DAU



Redesigns Of The App Have Caused An Exodus Of Active Users That Have Been Reluctant To Return

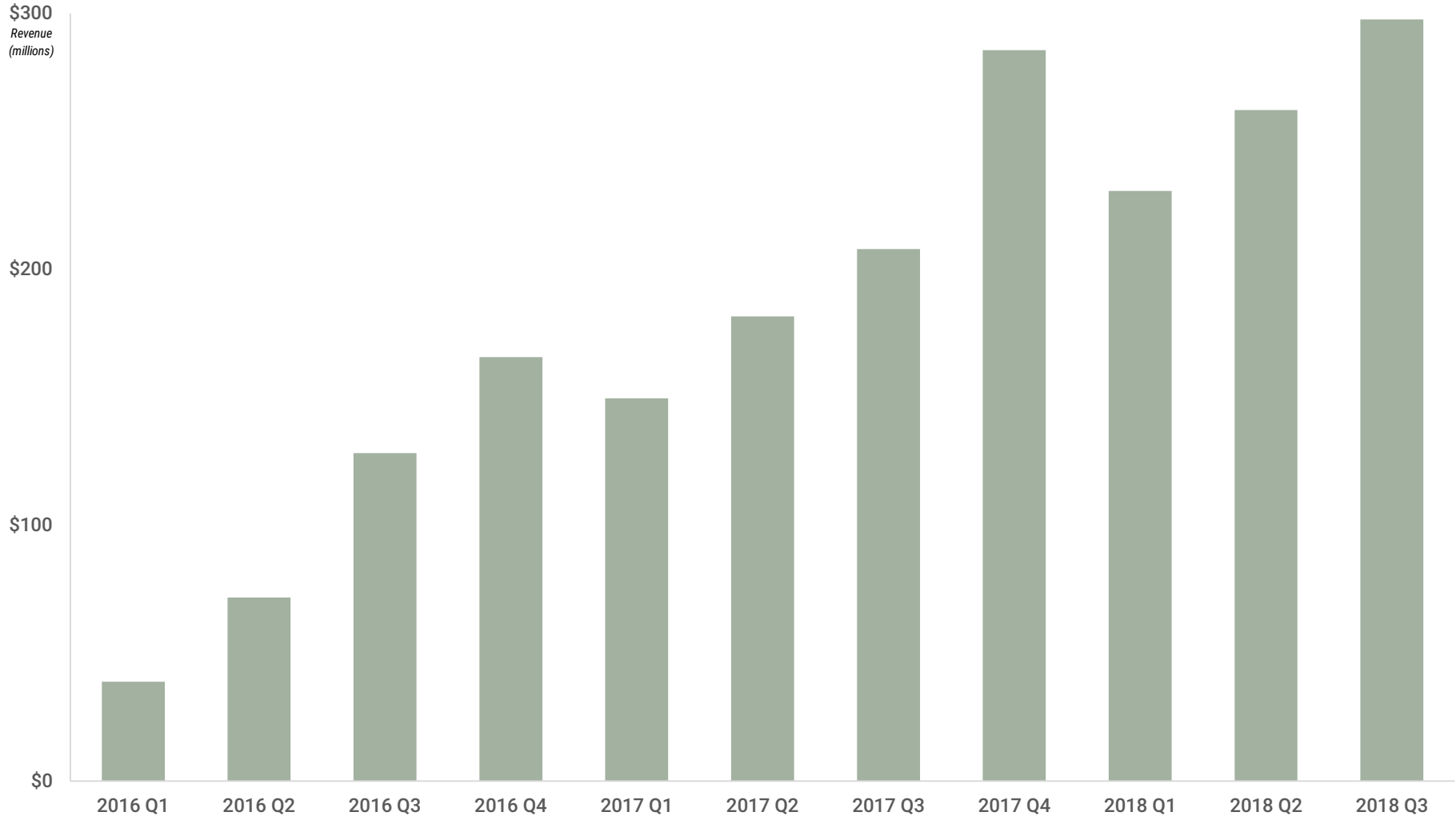


Building more tools to help influencers create content can help retain users and increase engagement

Revenue



The Shift To Programmatic Has Helped Onboard More Advertisers And Improve Monetization

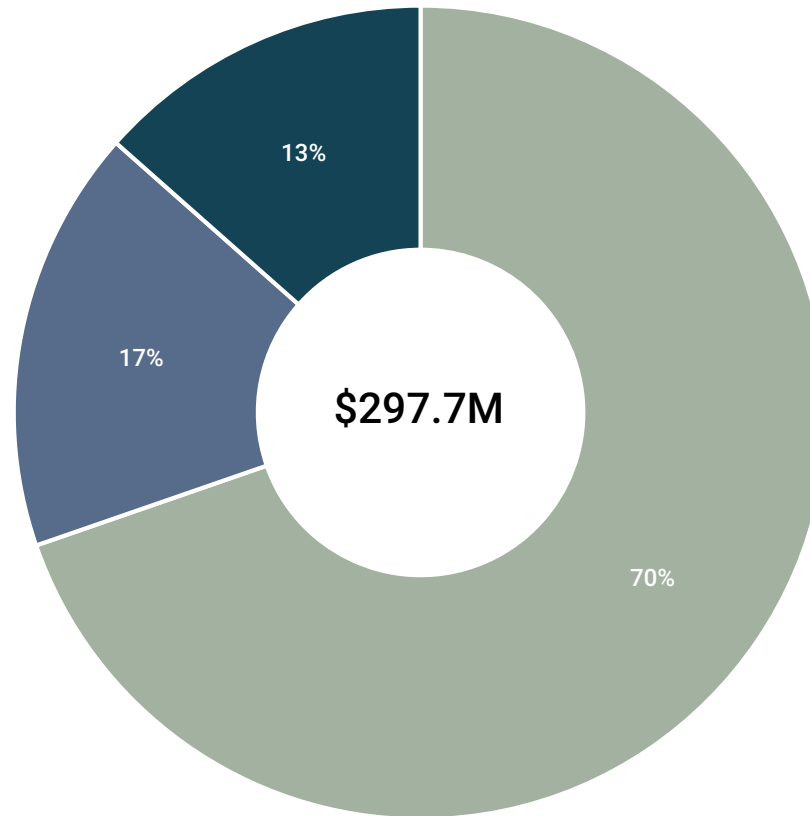


Expanding the target audience to older demographics might drive away their lucrative user base of millennials and Gen-Z

Revenue by Geography



The New Android App Is Essential To Growing Revenues In Developing Markets With Limited Internet Access



■ North America ■ Europe ■ Rest of World

Premium content can be a key differentiator when expanding into new markets with incumbent messaging services