



Snapchat (SNAP) 2020 Q3 Earnings Summary

October 2020

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# Key Takeaways



## Snapchat Is Improving Measurement Capabilities To Attract More Big Brand Advertisers To Their Content

### ADVERTISING

- **Adding deep domain expertise under their verticalized sales model, allowing them to effectively serve advertisers of all types**
  - This structure provided the flexibility to pivot resources to some of their fastest-growing verticals including CPG, streaming, tech, and e-commerce
- **Audit of social media platforms by advertisers and agencies was constructive towards building and expanding those relationships**
  - Investing heavily in ranking and measurement in order to deliver measurable ROI for advertising partners
  - Making improvements to targeting and optimization capabilities that let them to show more relevant ads and utilize inventory more efficiently

### USERS

- **Entertainment services compete with the content section of their business, but their core driver of engagement is communication**
  - Easing of COVID-19 related restrictions in many communities was a modest tailwind to engagement as they moved through Q3
- **Acceleration of growth in rest of world reflects the benefit of their ongoing investments to better serve those communities**
  - Includes investments in local content, language support, marketing partnerships, and the popularity of locally created Lenses
  - Partnerships with telcos and OEMs have been helpful in driving growth and removing friction from using their products

### CONTENT

- **Content platform continues to mature following the expansion of partnerships with both traditional media partners**
  - Premium format continues to grow rapidly around the world, with time spent watching Shows increasing more than 50% this quarter
- **Rise of mobile content consumption, especially on mobile-native premium formats, presents them with a growing opportunity**
  - Sports are highly visible to advertisers who are looking for both premium content, contextually relevant placements and large package buys
  - Investing heavily in video advertising through Snap Select, which enables buying of Commercials in prepackaged, fixed-price premium inventory

### AR

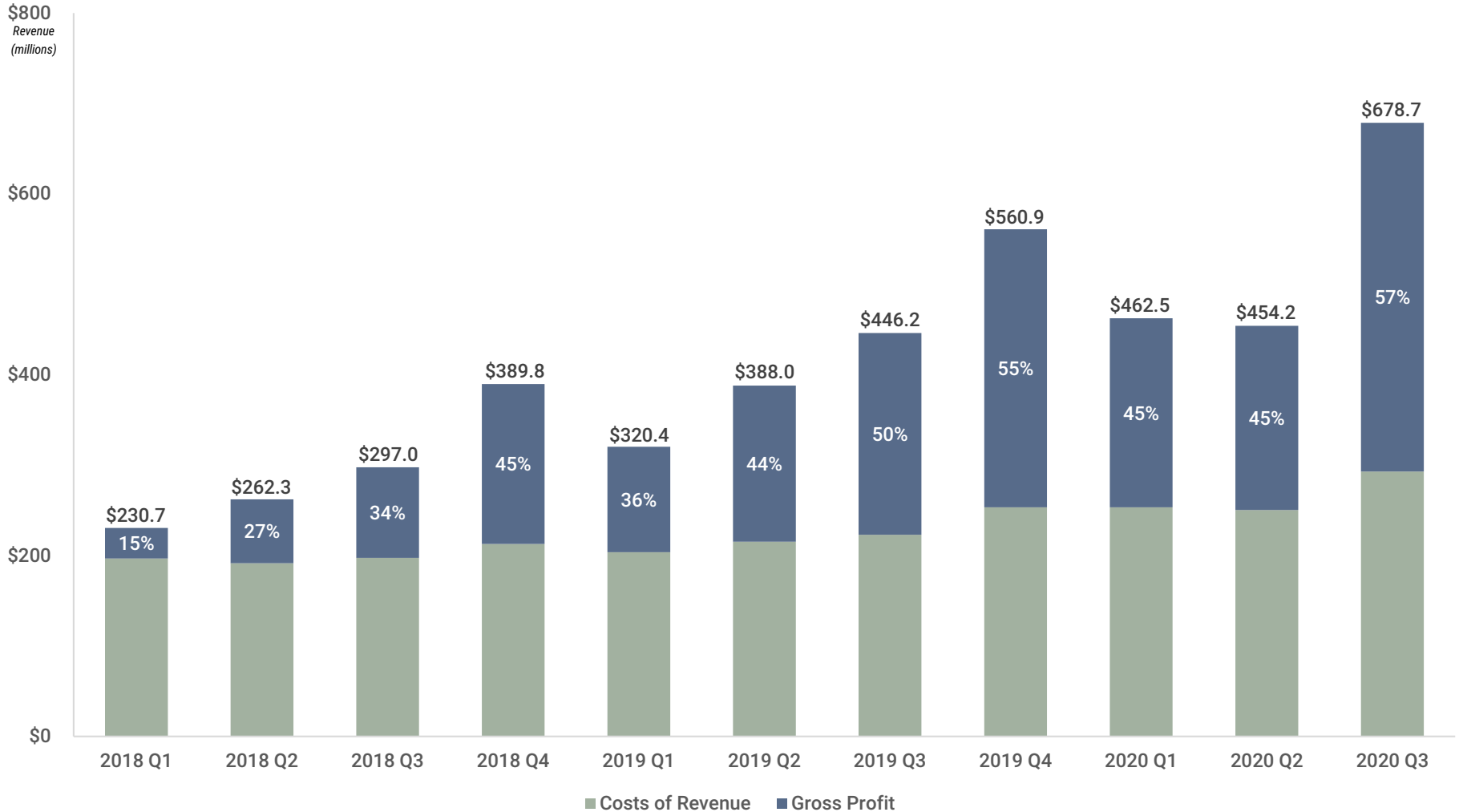
- **Adoption of AR happened faster than imagined, and feel well positioned to execute on the many opportunities that lie ahead**
  - Engagement has just exploded over the past few years and it's become really an everyday behavior for Snapchatters and that's really important
- **Augmented reality is the future of immersive customer experiences like try-on, catalog browsing and showrooming**
  - Invested heavily in self-serve AR tools to provide advertisers with what they need to create, manage, and optimize campaigns that drive ROI
  - While this form of advertising is still nascent, they are encouraged by the early adoption they are seeing from advertisers, especially since COVID

*After a complete overhaul, Android has become their primary OS, as they can release new features quicker than on iOS*

# Gross Profit



New B2B Marketing Programs Allow Their Sales Team To Educate First-Time Direct Response Advertisers



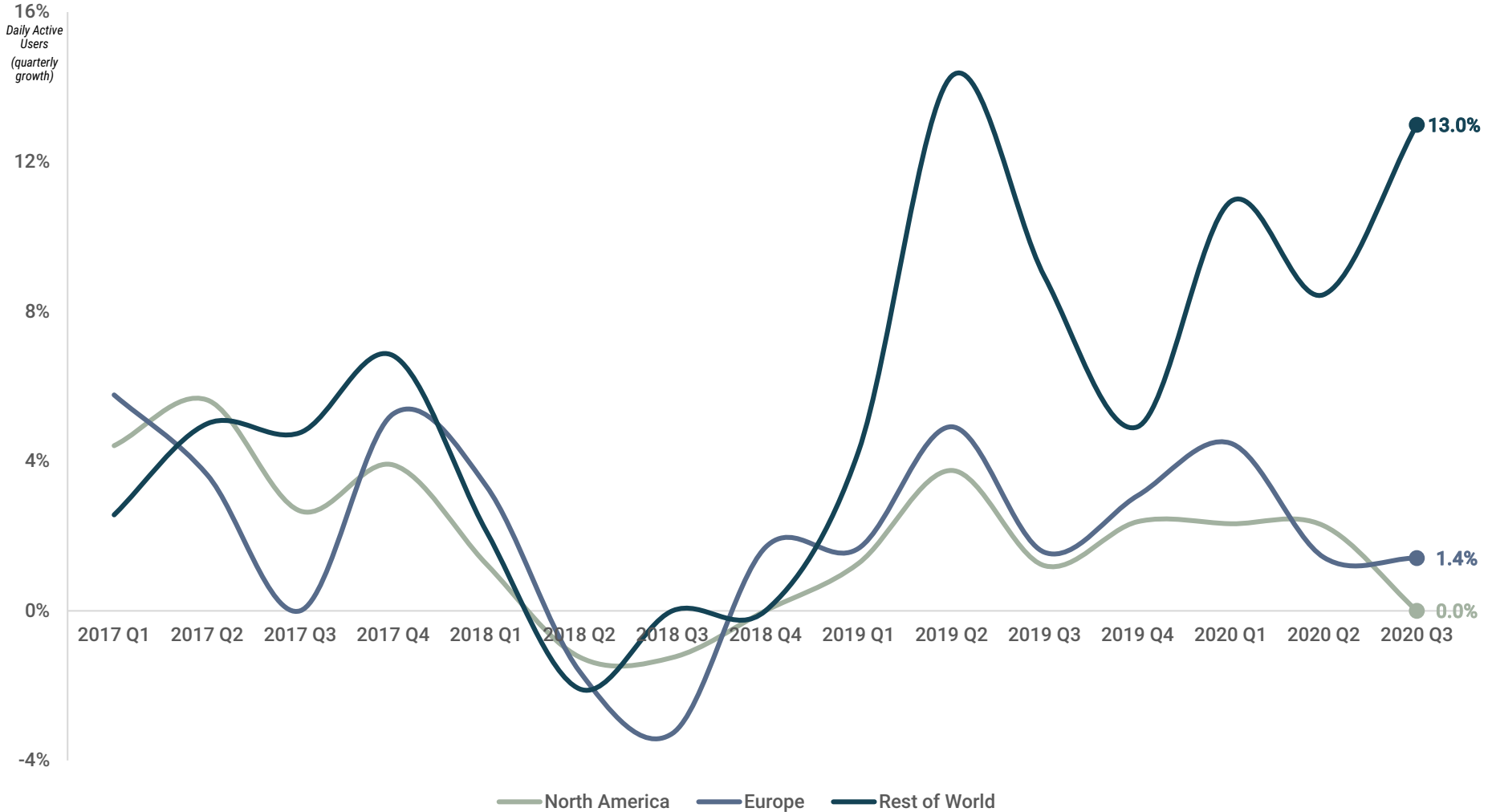
Maps will build connections between community and businesses, which is especially valuable for local advertisers



# DAU



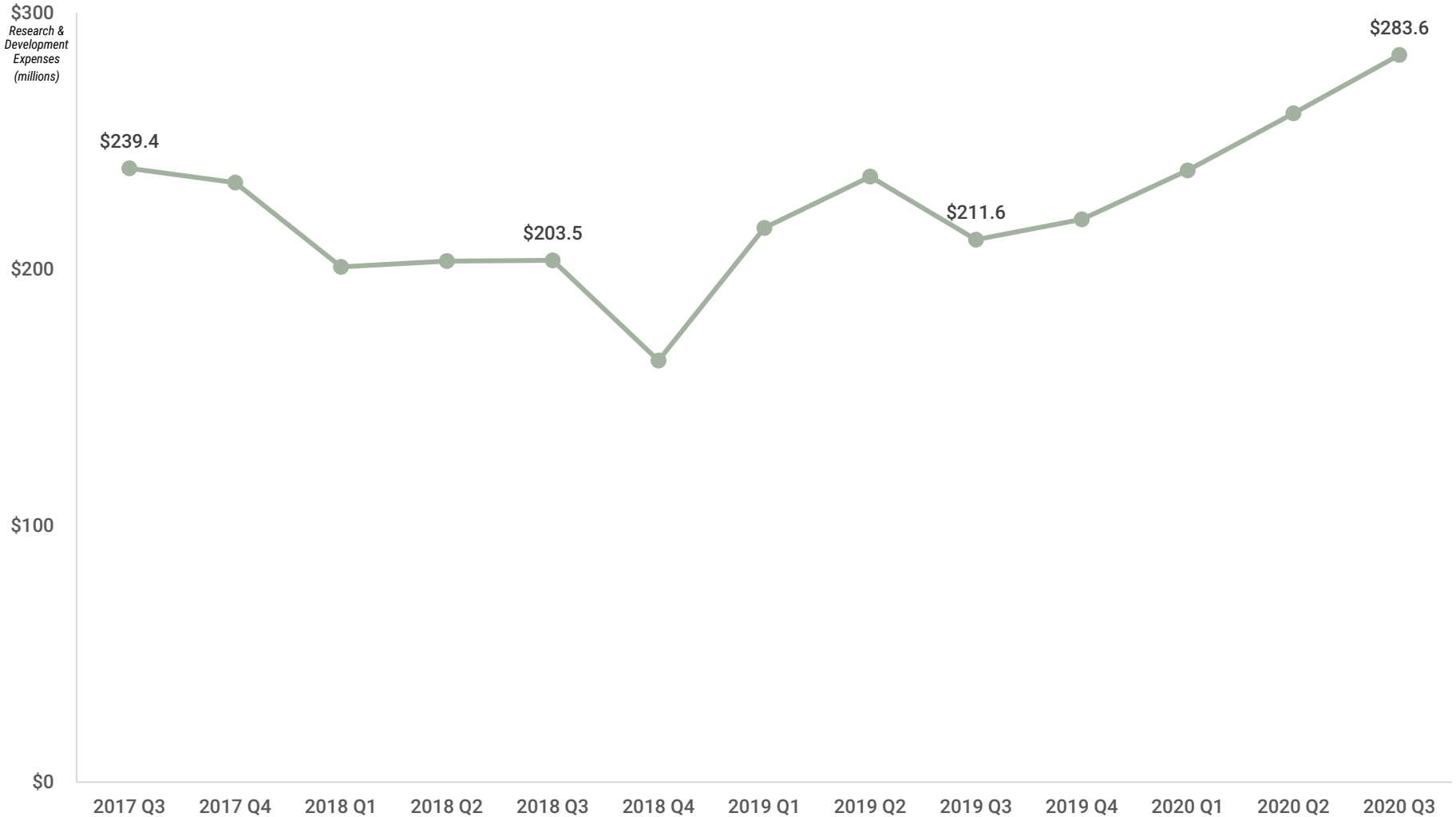
## User Growth In Emerging Markets Continues To Steadily Grow Following The Rebuild Of Their Android App



*The new 5-tab navigation bar will deepen the product experience and make it easier to engage with Maps and Discover*



## The Importance Of E-Commerce Will Accelerate As They Seek To Improve Performance For Advertisers



*They are conducting a lot of little experiments around games to build engagement and learn what tools developers need*