

Snapchat (SNAP) 2020 Q4 Earnings Summary

February 2021

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Key Takeaways



Snapchat Is Having Early Success Getting Its User Base To Engage With Their TikTok Clone, Spotlight

SPOTLIGHT

- **Getting early momentum with creators is vital for attracting new viewers to the Spotlight experience**
 - It's really off to the races with over 175,000 video submissions every day and an audience of over 100 million people in January
 - Will continue to support their \$1 million per day creator fund in order to build on the momentum they are seeing with this exciting new platform
- **Now that they have the content submissions and the audience, they can do a lot of work to optimize rankings**
 - This content fills a really different need for their community, and the engagement they are seeing so far is incremental

ADVERTISING

- **Growing focus on brand safety and privacy across the entire industry places them in a really unique and beneficial position**
 - Investing in using first-party data from their platform and providing more opportunities for on platform conversion, which will really help
 - IDFA will have a minor disruption as it pertains to the overall market as it will shift and change, and the outcome remains uncertain
- **See more opportunity over time to grow video inventory, particularly via the growth in viewership of Spotlight and Stories**
 - Offering more down-funnel bidding capabilities that allow advertisers to optimize for the objectives they are trying to achieve

AR

- **Beauty is just one of the many areas where they see opportunities to provide valuable utility through augmented reality**
 - Continue investing in experiences like trying on clothes, visualizing products in the home and learning about locations around users
- **Seen a lot of acceleration in demand for AR advertising, in particular, as more and more people are at home**
 - What used to be these big branding moments has now turned into a highly performant ad format where there is goal-based bidding
 - Businesses leveraging AR as one component of a larger, multi-product campaign on Snapchat tend to achieve stronger results

MAPS

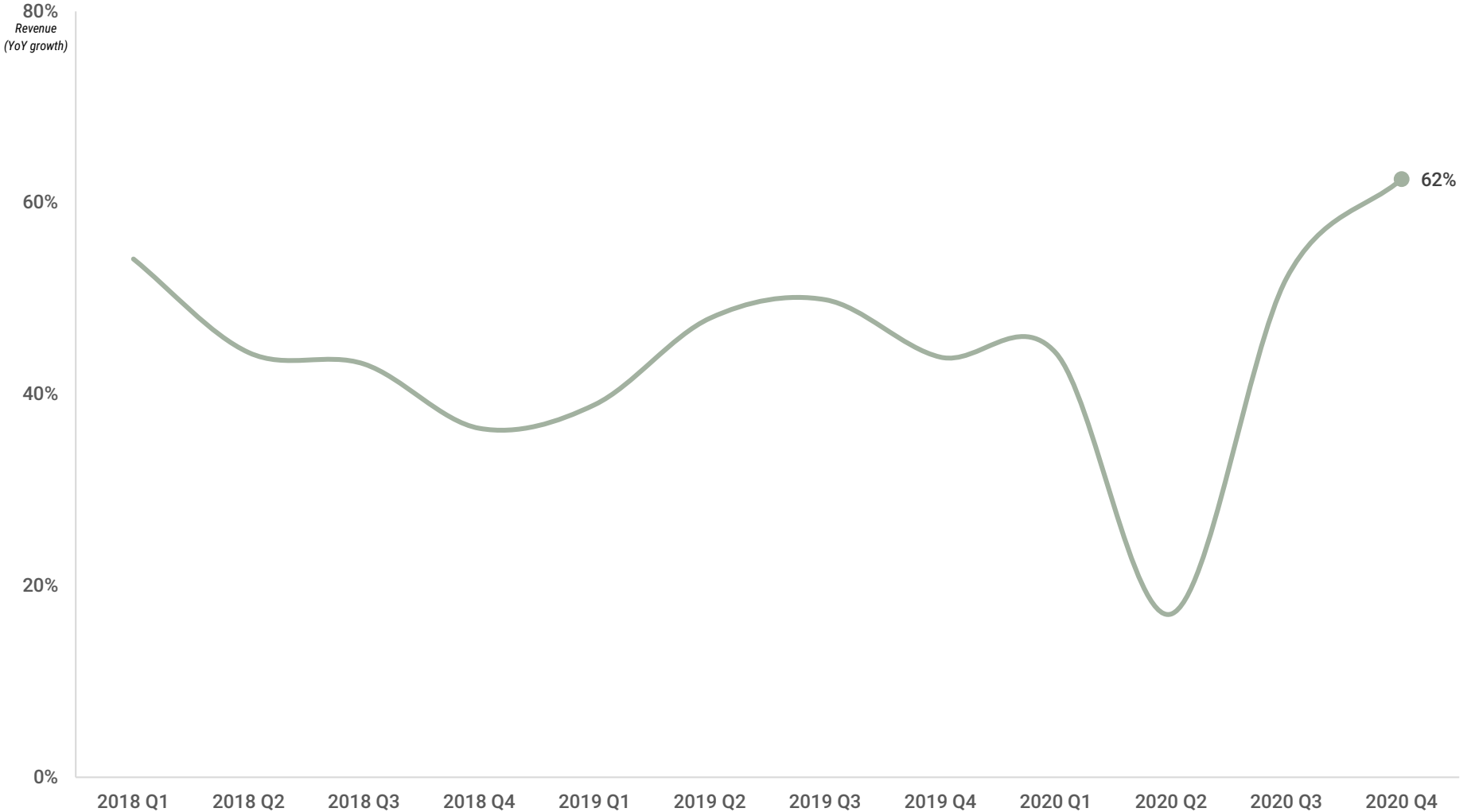
- **Goal is to build the world's most personalized map, and made investments years ago that are now paying dividends**
 - Each month, over 250 million Snapchatters open their map, where they can find the people and places that mean the most to them
- **Started just by making sure that businesses can be easily discovered on the map today and they are now focusing on adding actions around those businesses**
 - There are more than 35 million businesses on the map and connecting local businesses with prospective customers represents a substantial future revenue opportunity

There are plans to rapidly experiment around e-commerce, especially as they gain momentum around AR advertising

Revenue



Active Advertisers Are At Record Levels As Brands Re-Join The Performance Marketers That Never Paused

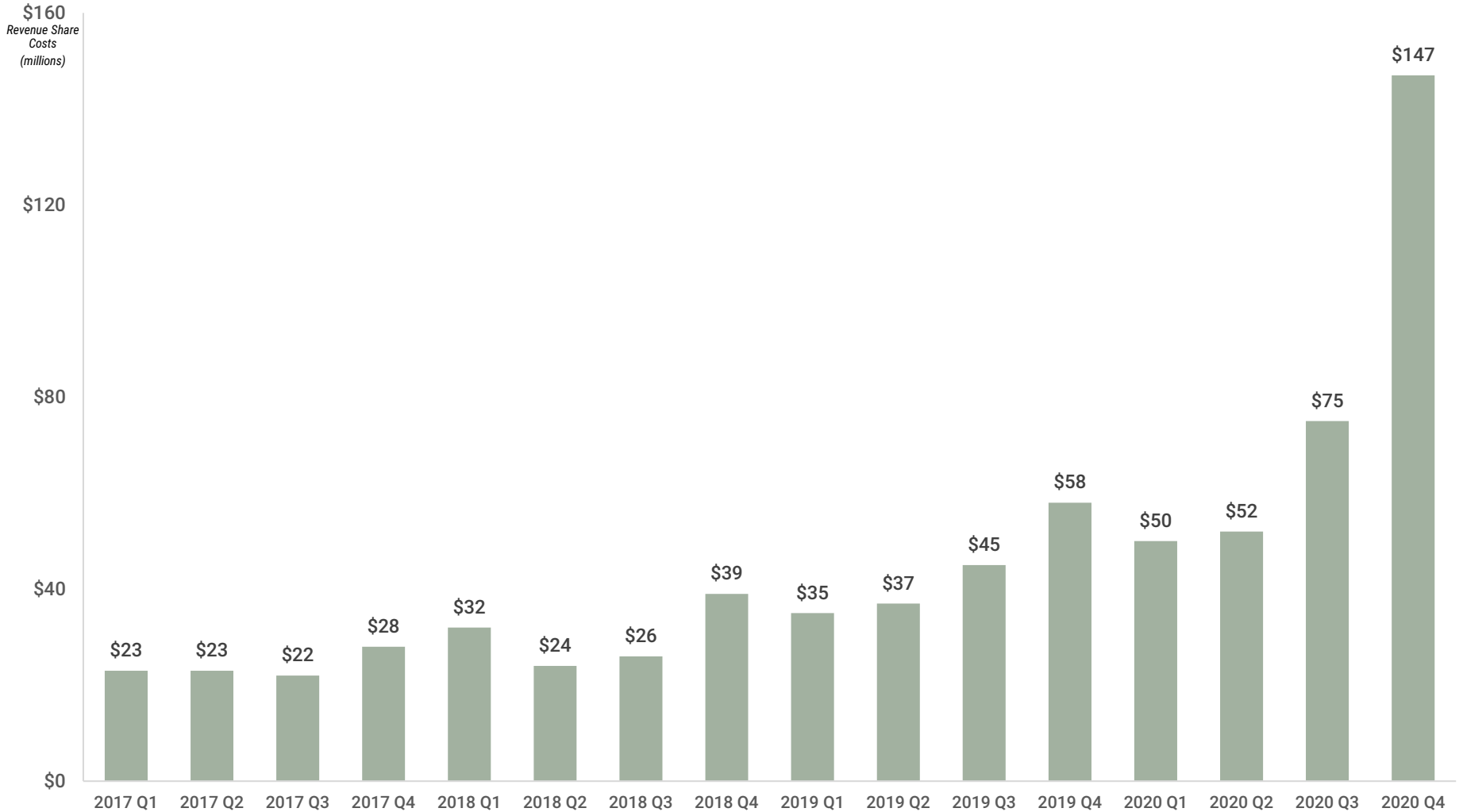


To mitigate IDFA, they are investing in first-party data and providing more opportunities for on-platform conversion

Revenue Share



Paying Creators From The Start Has Been An Important Strategic Move To Gain Early Traction With Spotlight

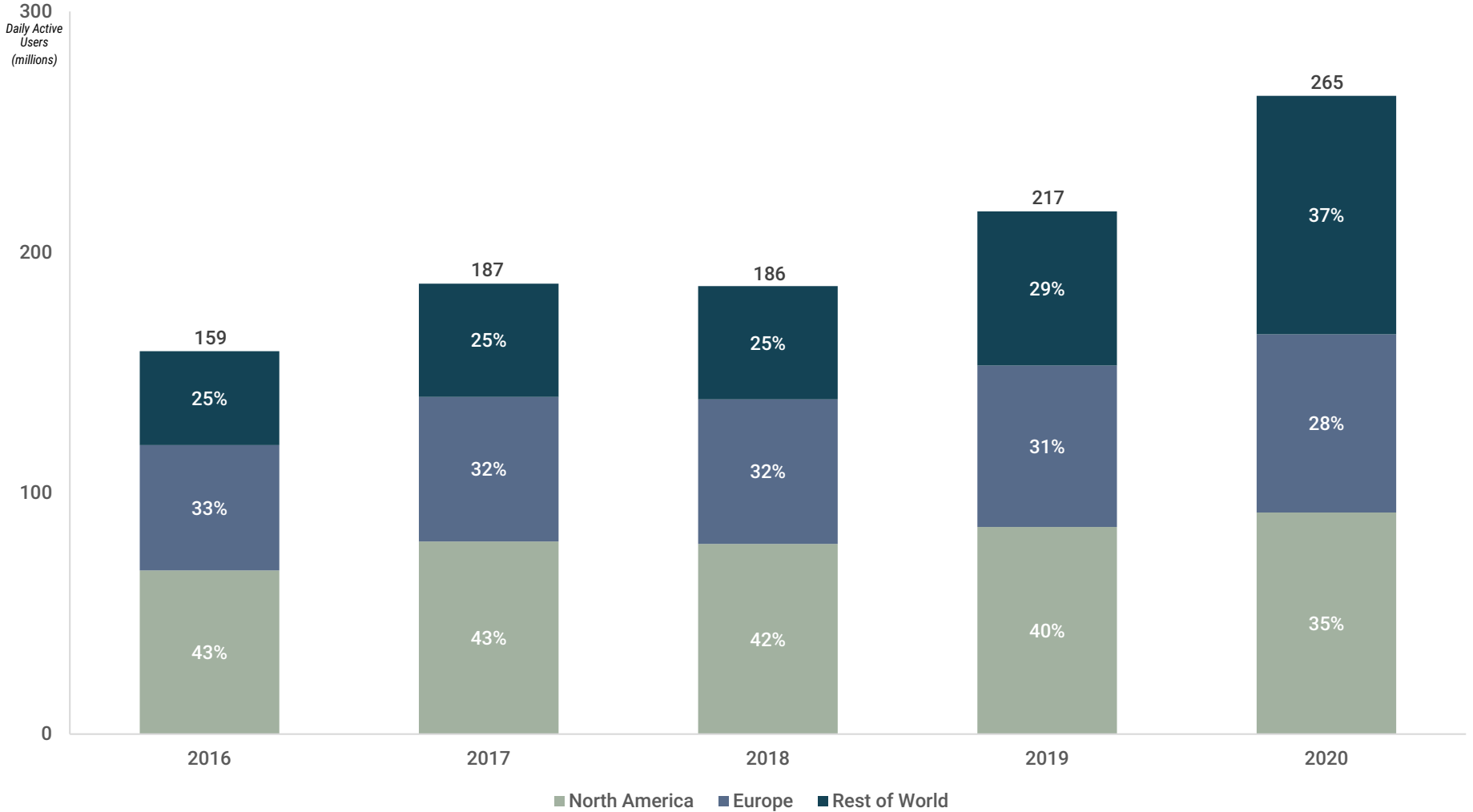


All of the submitted content is still reviewed manually to ensure safety, which might lead to difficulties scaling

DAU



Large Investments In Tech Infrastructure Has Enabled Them To Grow Faster, Especially In Emerging Markets



Understanding of their audiences enables better decisions about the type of content they should produce or license