5 Stats That Show Snap May Be Turning Its Struggling Business Around



Facebook and Facebook-owned Instagram have adopted many of the features that Snapchat pioneered, from Stories to filters to ephemeral messages. But the blurring of the two social app's functionalities hasn't stifled Snapchat's growth.

Related: Pyramid Schemes Are Targeting Snapchat's Mostly Teen Users

Snap, the parent company of Snapchat, reported its quarterly earnings yesterday for Q4 of 2017, and the company's performance exceeded expectations on all counts. The company's stock price rose by more than 20 percent yesterday, despite a steady decline over the past year since Snap went public in March 2017.

Here are five key stats the company shared.

Snapchat is growing faster than Facebook in North America. While Facebook has more users than Snapchat, at around 2 billion, Snap is acquiring users at a far steadier clip.

Snap added 8.9 million daily active users in the last three months of 2017, boosting its total to 187 million users. This was a 5 percent increase from the user count in the third quarter of last year, and Snap hadn't added that many users in a single quarter since Q3 of 2016.

Analysts expected Snap to add only 6 million users over the course of Q4, according to *Recode*.

Snapchat is approaching seven years since its founding — half the age of Facebook, which turned 14 on Feb. 4 of this year.

Snap's revenue also blew expectations out of the water.
The company reported $285.7 million in revenue for Q4 2017, while analysts expected only $253 million. The company attributes "auction traction" to this favorable result – in other words, Snap now uses automated auctions to sell the majority of the ads on the platform.

Snap makes $1.53 per user, on average.
The average North American user on Snapchat generates $1.53 in annual revenue, up 31 percent from Q3 2017 and 46 percent from Q4 2016.

However, advertising revenue only goes so far. Users access the app for free, and the cost of revenue per user $1.02 in Q4 2017. That's a 5 percent increase from the end of 2016 and a 14 percent decrease since September.

To put things in perspective, Facebook's average revenue per user is $6.18.

Snap has cut back on spending.
Net losses in Q2 and Q3 of 2017 approached half a billion dollars per quarter, and for Q4, analysts expected the number to clock in at around $400 million. Instead, Snap reported net losses of $350 million for Q4.

Content from brands is increasingly lucrative.
Throughout 2017, Snap paid publishers more than $100 million to post content (such as videos and Stories) adjacent to ads. Such revenue-sharing advertising deals accounted for $58 million in spending by Snap in 2016 and $10 million in 2015.

This quarter, Snap is in the process of rolling out a redesign of its app that features this type of content more prominently. In testing, the company found that the number of daily users watching stories from publishers grew 40 percent on the redesigned version of the app vs. the old version.

https://www.entrepreneur.com/article/308705