

# Snapchat, Known for Ephemera, Proves Its Staying Power With Videos



[Erin Lim, hostess of “The Rundown,” an E News pop-culture show created for Snapchat.](#)

By KATIE BENNER and SAPNA MAHESHWARI

September 24, 2016

The Summer Olympics was something of a coming-out party for Snapchat, the mobile storytelling and messaging app.

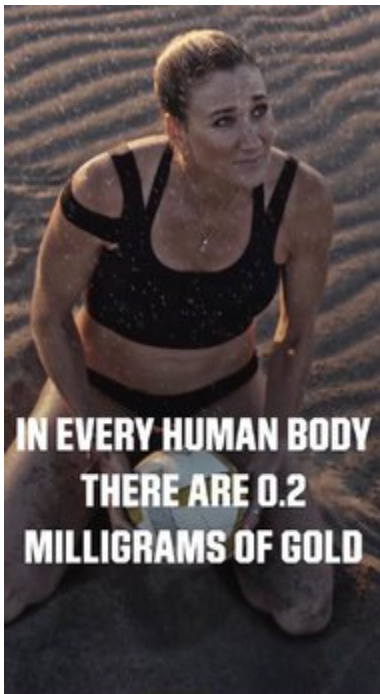
Nearly 35 million users in the United States watched highlights and stories from the Games on a dedicated channel in Discover, the area of Snapchat where media companies publish content, and on so-called Live Stories: videos and images from athletes and fans that Snapchat editors strung together to tell more intimate stories of life at the Games. Millions more watched athletes use Snapchat to talk about their events and joke with their teammates.

“NBC did an amazing job, but Snapchat filled the void when it came to creating mobile content for this major world event,” said Aryeh Bourkoff, founder and chief executive of LionTree, a merchant bank that specializes in media and technology. “There was more Olympics footage and content on Snapchat than there was on NBC.”

Snapchat’s effort helped expand viewership for the Olympics, which hit a 16-year prime-time ratings low on NBC. And it provided a glimpse of why the company could one day compete with television for audiences and advertising dollars.

“Snapchat is the company that will figure out how to move TV viewers to mobile,” said Hemant Taneja, a Snapchat investor and managing director at the venture firm General Catalyst Partners. “YouTube and others

have worked hard to bring video to mobile devices, but Snapchat is the first to crack how users behave on mobile.”



[A still from an ad for Dick's Sporting Goods that ran with Snapchat's Summer Olympics coverage.](#)

To keep people glued to the app, Snapchat needs a steady stream of content. To that end, on Friday the company introduced [Spectacles](#), sunglasses with a camera embedded in the frames that will be available later this year. People can use Spectacles to take 10-second video clips and upload the footage to the Snapchat app.

The new eyewear prompted the company to [rename itself Snap Inc.](#) to reflect that it now makes more than one product: the Snapchat app and Spectacles. If consumers embrace Spectacles, they will provide many more snaps for the company to select and turn into stories. Currently more than two-thirds of Snapchat's 150 million daily users create content every day.

Since introducing Discover in January 2015, Snapchat has become a web of highly edited video content — whether made by users, celebrities or media companies like BuzzFeed and CNN. That, in turn, has caught the attention of advertisers who want to reach Snapchat's growing audience, which, the company says, includes 41 percent of Americans ages 18 to 34. By comparison, the company says that the average television network in the United States reaches about 6 percent of the same demographic.

Now, Snapchat is preparing to deliver more original programming. Popular NBC shows including "[Saturday Night Live](#)" and "The Tonight Show Starring Jimmy Fallon" have agreed to create programming for Snapchat, and "The Voice" ran a five-part series made just for the app. E News now has a weekly Snapchat-only pop-culture program called "The Rundown."

Still, Snap is far from the only internet company trying to create the next-generation television experience.

Facebook, with more than a billion daily active users, and its photo-sharing app Instagram, which has over 300 million, dwarf Snapchat. Both Facebook and Instagram have aggressively moved into video, and Facebook has

even paid content makers, including The New York Times, to produce videos for its streaming product Facebook Live.

Almost a third of internet users around the world visit YouTube, where billions of videos are viewed each day. YouTube has become one of the largest music distribution platforms in the world, thanks to the many music videos that users watch.

All of these companies hope they can lure advertisers with their video platforms. Analysts at Jefferies estimate that Snap's revenue will grow to \$1 billion next year from \$350 million this year, based almost entirely on advertising.



[A still from "The Rundown" on Snapchat.](#)

Traditional television still commands 72 percent of all video viewing time, and television advertising budgets have not shrunk significantly with the proliferation of online video, according to data from Activate, a consulting firm for tech and media companies.

And this fall, broadcast networks including CBS, NBC, ABC and Fox negotiated their biggest rate increases in three years for prime-time ad space, according to a recent JPMorgan Chase advertising report.

To reap financial rewards, internet companies must do more than persuade viewers to spend more time watching videos. They must show that their online ads can deliver the same value as television ads.

Television ad dollars would "flood into online" if online ads could prove they were as effective as television ads, said Joe Marchese, president of advertising products for the Fox Networks Group. For Mr. Marchese, that means the ad takes up the full screen, probably plays with the sound on and is viewed in its entirety.

While advertisers do not go so far as to say that Snapchat video ads are equivalent to television ads, they note that watching content on Snapchat mimics, in some crucial ways, the experience of watching traditional

television. Videos play with the sound on. They take up the full screen. They tell a narrative story. Users flip between them like they do TV channels.

Snapchat says its ads and videos are more engaging because they are not “competing with family photos and other things in a stream for the viewer’s attention,” said Imran Khan, Snap’s chief strategy officer. Content makers and advertisers “have complete, exclusive command of the user’s smartphone,” he said.

Doug Neil, executive vice president for digital marketing at Universal Pictures, agrees. “A full-screen experience that has the sound enabled grabs the user’s attention much better,” he said.

In 2014, Universal ran the first video ad campaign on Snapchat, a trailer for the low-budget horror movie “Ouija,” which ended up being the top performer at the box office on its opening weekend. The ad, like all content on Snapchat, disappeared. But exit polls indicated that a large percentage of people who went to see the movie that weekend had seen the ad. Mr. Neil said he found the results impressive for a single ad placement.

Advertisers like Mr. Neil also like that Snapchat is beefing up its television-like lineup.

Universal likes to run ads for the studio’s films next to stories that have similar target audiences, Mr. Neil said. He added: “We understand the audience for known content like ‘Saturday Night Live.’ We’re very interested in sponsoring those kinds of stories.”