

How Snapchat Plans to Snap Back

New app redesign aims to drive user engagement

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Snapchat is delivering on its promise to make its app more user friendly for both its users and advertisers.

On Wednesday, the company unveiled its new app, which separates "the social from the media."

In essence, users will be able to see Chats and Stories from their friends on the left side of the screen. Stories from publishers, as well as creators, will be on the right side.

"The combination of social and media has yielded incredible business results, but has ultimately undermined our relationships with our friends and our relationships with the media," Snapchat CEO Evan Spiegel said in an Axios op-ed. "We believe that the best path forward is disentangling the two by providing a personalized content feed based on what you want to watch, not what your friends post."

According to Jason Beckerman, co-founder and CEO of Unified, the advancements made are certainly favorable to brands and should lead to more adoption and increased advertising revenue. "The question will be if they help spark more user growth as well," he added. "With this increase in advertising investments, the need for marketers to manage and measure the vast data exhaust from their campaigns is more critical than ever."

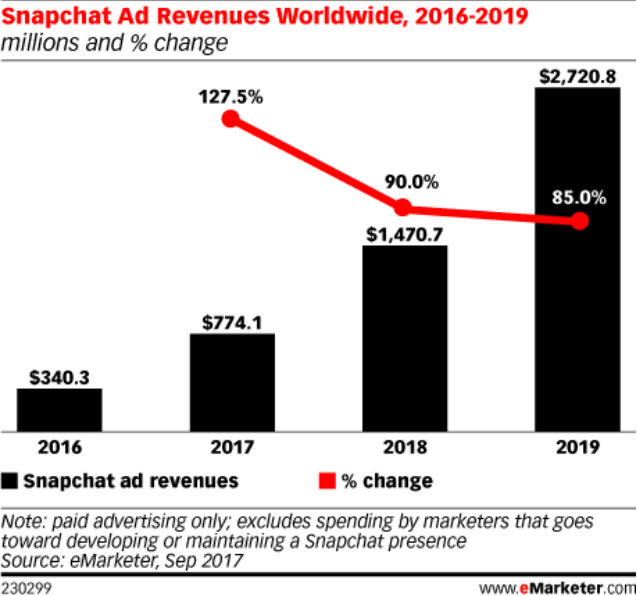
Communication and media consumption were already segregated into different sides of Snapchat's app, so the changes announced seem more like iterative developments rather than a wholesale redesign, says eMarketer principal analyst Debra Aho Williamson.

She adds that it's also unclear how much time people spend communicating with friends on Snapchat vs. watching publisher content in the Discover section. "I have a feeling that the communication side (the 'social' side) will still be where all the action is, because users will still need to make an explicit choice to swipe over to Discover to view media content," she said. "To the extent that Snapchat comes up with interesting ad formats for the communication side of the app—perhaps similar to what Facebook is doing with ads in Messenger—then that will help boost revenues."

In its Q3 earnings, Snapchat reported it had 178 million daily active users (DAUs), adding "just 4.5 million users [this quarter]," Spiegel said during the company's call. "It's a lower rate than what we would have liked. Ultimately, we want to drive more user growth in 2018."

He also responded to feedback about the app and its difficulty of use—and said a redesign may "appeal to a broader audience."

According to eMarketer, Snapchat will reach 79.2 million US users this year. By 2021, the company will have 100.2 million US users.



Meanwhile, Snapchat's worldwide ad revenues will total \$774.1 million this year, eMarketer estimates, but growth will be slower than what we [predicted a year ago](#).

Several factors, including slower-than-expected user growth, have led eMarketer to lower its ad revenue outlook for Snapchat. In March 2017, eMarketer predicted Snapchat's worldwide ad revenues would reach \$900 million for the year. (eMarketer's October 2016 forecast called for worldwide ad revenues of \$935.5 million in 2017.)

eMarketer PRO subscribers can [read more](#) about Snapchat's business in a recently published report: "Snapchat Usage and Advertising 2017: Separating Fact from Fiction."