

The Daily: Has Snapchat turned things around, influencers vs. creators, and LinkedIn's milestone

Audio

On today's podcast episode, we discuss how Snapchat+ is getting on, how much of a focus AR will be for the company going forward, and why user growth is doing just fine ... but

revenue growth is not. "In Other News," we talk about the differences between the terms "influencer" and "creator" and what to make of LinkedIn's significant 1-billionth-member milestone. Tune in to the discussion with our analyst Jasmine Enberg.

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Episode Transcript:

Jasmine Enberg:

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Marcus Johnson:

Hey gang, it's Monday, November 6th. Jasmine and listeners, welcome to the Behind the Numbers Daily, an eMarketer podcast. I'm Marcus. Today I'm joined by our Principal Analyst who covers everything social media based in California. It's Jasmine Enberg.

Jasmine Enberg:

Hey Marcus. Hey everyone.

Marcus Johnson:

Hello. Hello. Today's fact, okay, normally I do a Finnish fact for Jasmine.

Jasmine Enberg:

It's not a Finland fact, again?

Marcus Johnson:

I've run out. Sorry. The list I had only had like 10, and so I am flat out of Finnish facts.

Jasmine Enberg:

I wish the listeners could see my face right now.

Marcus Johnson:

Yeah. She's thrilled with that. I'm sorry. Please don't walk away. Thank you. Come back. So I do have one for you though. How high can a bird fly? Ever thought about this, Jasmine?

Jasmine Enberg:

I have not actually.

Marcus Johnson:

I hadn't either. And then I was stunned that I hadn't thought about this at least once in my life.

Jasmine Enberg:

It's a great question.

Marcus Johnson:

Yeah.

Jasmine Enberg:

I don't even know where to begin to guess.

Marcus Johnson:

They can't reach space, so that's their ceiling.

Jasmine Enberg:

Really?

Marcus Johnson:

I know. Shocker. That's their ceiling. But they can really get up there. And so the bird that can fly the highest, the Rüppell's griffon vulture, which is a large African vulture with an eight-foot wingspan and it can fly up, sounds like a pterodactyl. It's not actually that big when it's walking around, but when it ... the wingspan, yeah, it's quite big. So it can fly up to 37,000 feet high, which a lot-

Jasmine Enberg:

That's like an airplane.

Marcus Johnson:

Exactly. Anyone who's been on a plane, when they announce how high they are, that's cruising altitude for a commercial flight is typically between 33 and 39, 40. So yeah, you could see one of these, just probably not flying past the window. You'd probably overtake it because they're not that fast.

Jasmine Enberg:

Where in the world do you find these vultures?

Marcus Johnson:

I don't know. Not in the sky. I don't know. I've never seen. You don't hear about planes constantly coming into contact with them. I do wonder though, if they're up there and the whole time they're just screaming because that's high, even for a bird.

Jasmine Enberg:

It's very high.

Marcus Johnson:

If you think they're up, they're just being like, "Ah," whilst they're flying around.

Jasmine Enberg:

I don't know. But next time I'm on an airplane, you know I'm going to be looking through the window if I can see one, just with my face plastered against it the whole way.

Marcus Johnson:

They're like, "Is this your first time flying?" You're like, "No, no, no. I'm looking for something. I'm birdwatching. I'm birdwatching." "Put the binoculars away, miss. We're landing." Today's real topic, Snapchat adds users, but not enough money. How come?

So in today's episode, first in the lead, we'll cover Snap. Then for another news we'll discuss the difference between the term influencer and creator, and LinkedIn hitting a user milestone. But we start of course, with the lead.

Jasmine, we're talking about Snapchat or Snap I should say. And we'll start with their premium subscription. Over 5 million people now pay for Snapchat's premium subscription. Snapchat+ costs 3.99 a month. We'll round up to four. What does this 5 million user milestone tell us or you about Snapchat+?

Jasmine Enberg:

I mean, it's a major milestone for Snap and obviously for Snapchat+. And we've seen over the past couple of months that that figure has continued to grow. I think this 5 million one was released in September. And obviously it means that Snap has figured out a good value exchange for its users. They are willing to pay for new features that Snapchat+ provides.

One of the reasons though, or the biggest reason that Snapchat released Snapchat+ was in order to diversify its revenue streams, and that's where Snapchat+ isn't really making a huge

impact. So with 5 million users and at about 3.99 a month, that's still under \$250 million in revenue per year.

Marcus Johnson:

Yeah. Hoping that number obviously can continue growing. They have added 2 million new folks since April. So it is continuing to grow. Only a year old, Jasmine. That was hard for me to believe, but they launched it last summer, so just over a year old for Snapchat+.

When you zoom out and look at all of their users, Snapchat broke the 400 million daily active mark, daily active user mark for the first time reaching 406 in the quarter, in Q3, it added 9 million new users to do so.

Jasmine, what was your biggest takeaway from Snapchat breaking the 400 million user mark and adding 9 million in the quarter to get past that milestone?

Jasmine Enberg:

I feel like every time we talk about Snap earnings, it's always the same story about users.

Marcus Johnson:

Similar, yes.

Jasmine Enberg:

Similar, yeah. They're always, pretty much always able to bring in new users and I think that's just a testament to the stickiness of the service and how much people enjoy being on it. I do want to point out though that recently and in the most recent quarter, most of that growth has come from the rest of the world and not in the US. And I think that that's important to remember because rest of the world monetizes at a lower rate.

But if you think about, I don't know if you saw the goals, the internal goals that were leaked from Snap that were set by CEO Evan Spiegel for 2024. And if they're already at the 400 million daily user mark, I mean that makes that one of those very lofty goals, which was 475 million users in 2024 much more achievable. So still good news.

Marcus Johnson:

Okay. Yeah, good news. Yeah, it's a great point though. They are leaning on markets outside of North America for that user growth because North America has been stuck at 100 million

users pretty much for the last year, 101 to 100 pretty much. And during that time, the last year, Europe's added 7 million daily active users, new ones. Rest of world's added nearly 40 million and now accounts for over half of Snapchat's total users, rest of world. Three years ago it was a third of its total.

And to your point, monetizing a lower rate. It's a lot lower. North America, about eight bucks per user in North America, and it's compared to just \$1 per user for rest of world and only 2 per user Europe.

Moving over to then making money Jasmine, Snapchat's revenue grew 5% to nearly make 1.2 billion in the quarter. And what should we make of Snap's 5% year-on-year growth in total revenue in Q3?

Jasmine Enberg:

I have been waiting all year to say this, but Snap has snapped back.

Marcus Johnson:

Well played. Don't hate it. Don't hate it.

Jasmine Enberg:

Terrible, terrible pun, I know-

Marcus Johnson:

It's pretty terrible-

Jasmine Enberg:

... but I love a terrible pun.

Marcus Johnson:

We'll probably cut out. We'll probably cut out.

Jasmine Enberg:

Please don't, Victoria. No, I mean it's definitely, it's good news, right? And it's especially good news to a lot of investors and observers and other people who are interested in the business because people have been wondering whether Snap has what it takes to turn its business

around. And Snap has clearly benefited from the overall rebound within the digital ad market. It's also made some serious improvements to its ad platform and that's seen pretty strong uptake.

Snap did warn that there are going to be challenges ahead in Q4 in particular because of disruption due to the Israel-Hamas war. We're already seeing that some brand advertisers have paused some of their spending, not just on Snapchat but on social media overall. And that could impact its Q4 ad revenues. But I do think it's important to remember that after several quarters of struggles, it seems like Snap is on a much better path than it was before.

Marcus Johnson:

Yeah. On the positive side of things, glass half full, it hasn't seen positive quarterly growth in over a year when it was at 6% last Q3. So that's good, seeing positive growth again.

Second point, North America, which accounts for two thirds of revenue improved, but it did improve to negative three from negative double digits each of the last three quarters. So it has improved, but it's still in the red at negative three. And as we mentioned before, it's leaning on those markets outside of North America. In terms of growth, Europe grew 24% up from 5 that it grew last Q3, so well played for Europe. Rest of world hit 30%. That's roughly where it's lived for the past two years per quarter. But as we mentioned, it doesn't monetize the same outside of North America, so not ideal.

On the glass half empty side of things, average revenue per user down 6% year-on-year in the quarter. And then second point here, the company remaining unprofitable posting a net loss of nearly 400 million, 373 to be exact in Q3 are slightly worse than last year. So still not able to get themselves into black on the profitability side of things.

Jasmine, let's end the lead by talking about their AR ambitions. Just last month, Snap laid off another 170 employees in its year old AR, augmented reality, enterprise division, so it could focus on AI and other services it says. What does this say about Snapchat's AR ambitions?

Jasmine Enberg:

I think it was a really tough pill for Snap to swallow. AR has been the focal point for Snap for a very long time now, and I saw the technology in ARES and it was really cool. It was just ahead of its time in many ways. I mean people are not shopping with AR to the extent that they would need to be to be able to license this out to enough brands and retailers. And now as

we're seeing the attention shift to AI, it's a less compelling service for investors and for companies that they would want to sell it to.

Marcus Johnson:

So they say they're going to focus on AI more. Over 200 million people apparently have used Snap's personalized AI chatbot, My AI, correct?

Jasmine Enberg:

Mm-hmm.

Marcus Johnson:

To collectively send over 20 billion messages since Snap debuted in April. Jasmine, let's end the lead by talking about some of their branded content tools that they just put out. Any takes on those?

Jasmine Enberg:

Yeah, absolutely. I mean, first of all, it's about time. Snapchat has a really strong, loyal, engaged Gen Z user base, and they also have a lot of creators who have started turning to the platform more and more because of the ad revenue sharing program that it has in stories.

To make Snapchat a more attractive place to more creators, particularly smaller ones who are more reliant on brand deals, it really needed to roll out better ways for brands and creators to work together. In the end, this can really be a sort of triple win situation for platforms, for brands and for creators because it's going to help bring in more engagement, potentially more revenue, ad revenue for Snapchat. It's going to help onboard more brands onto the platform and onboard more creators who are going to use it more frequently and bring their audiences with them.

Marcus Johnson:

Yeah. Yeah, we'll keep an eye on this creator collab campaigns initiative that Snapchat's just released. That's it for the lead though. Time for the halftime report.

Jasmine, what to you is the most interesting thing we've talked about in the first half?

Jasmine Enberg:

Well, I think the thing that I would repeat is just that Snap is on a much better path now than it was a quarter ago, two quarters ago. And if it can continue this momentum, it could end the year in a much better place.

Marcus Johnson:

Yeah, they're projecting that they're going to reach 410 to 412 million daily active users in Q4. That would mean that they would add about 4 to 6 million in the quarter. That'd be about half or less than what they added last Q4, so not projecting a great Q4 in terms of users. In terms of revenue, they're expecting revenue growth of 2% to 6%. Last Q4 was zero. So anything above zero would be promising or an improvement at least.

We expect, if you zoom out, get rid of the quarters, look at it full picture for the whole year, we expect Snapchat's ad revenue to fall 10% in 2023 as a whole after negative year-on-year growth in both Q1 and Q2, down 7% in Q1, it was down 4 in Q2 and has since got its head above water to 5% in Q3. We'll see what Q4 holds, but we expect Snapchat's revenue growth of fall 10% in the US for the full year, but then bounce back up to 9% in 2024. The company still accounts for less than 1% of digital ad spending in America, which I think is also important to note.

That's what we've got time for the first half. We move to the second today in other news.

Why do people hate the term influencer? And LinkedIn just reached 1 billion members. So what?

Story one, why do people hate the term influencer questions Emmy Liederman of Adweek. Former Facebook employee, Sara Wilson, now the founder of digital strategy consultancy SW Projects says that she worked with influencers, but now influencer is a dirty word because it described somebody who was using their looks to create a brand. So now we call them creators, kind of. Mavrck co-founder and CEO Lyle Steven says there is still a gray area that causes confusion across the space. But Jasmine, what's your take on the terms influencer versus creator?

Jasmine Enberg:

Well, first of all, I don't think the term influencer should be a dirty word. I think influencers have gotten a bad rap over the years because of many of the scandals that have taken place within

the industry. And if you think back a few years ago, people were still describing it as a Wild West, and that is certainly not the case anymore. It is a profession. It is a career path.

I do prefer the term creator, however, to influencer, and I'm a strong advocate for talking about creator marketing over influencer marketing because it encompasses a much broader range of people. Creators are of all different industries, all different types, and they're doing many different things and monetizing in many different ways, and I think it just paints a more holistic picture of what's really going on in the landscape.

Marcus Johnson:

Yeah, it's really great article from Miss Liederman. I wanted to point out a few things. One, people prefer the term creator, at least according to this 2021 Mavrck survey. 57% of folks said they use the title creator or content creator versus 23%, so less than half who chose influencer. Others said ambassador, blogger, photographer, streamer, things like that. But number one was creator.

The second point here, whatever you call it, it's authenticity that matters. Maya Poll who focuses on disability awareness, advocacy and beauty content saying, "When I started accepting sponsorships, I feared I would lose the legitimacy and value behind what I was saying." So that still holds true regardless of what you call the job.

And then number three, the gender pay gap also lives here. No surprises I'm sure. Unfortunately female influencers accounted for 77% of all transaction volume in 2022, but men make 1.2 times more per paid post according to a 2023 report from Marketing Tech company, IZEA.

Jasmine Enberg:

Can't escape it. It's everywhere.

Marcus Johnson:

Yes. Yes.

Jasmine Enberg:

But I do think it's the really fascinating debate, and there's other times I've seen the word influencer used when people are describing a creator who is monetizing their content through brand sponsorships in particular because they're influencing people to buy something. So

there isn't really the standardized definition. I think it would be really helpful for the creator economy at large if we could come up with a standardized definition of what is an influencer, what is a creator, and decide what term we want to use to describe people.

Marcus Johnson:

That would help-

Jasmine Enberg:

The problem again is that creator is a huge umbrella term for so many different types of, well, "creators" that it's really impossible to define.

Marcus Johnson:

Yeah, that's a great point.

Story two. Jasmine, you flagged this story to me. LinkedIn just reached 1 billion members. You were pointing to Stephen Nellis of Reuters who wrote this up saying that LinkedIn's also adding more AI features for users paying the \$40 a month for their premium tier. Those features can tell a user whether they're a good candidate based on the information in their profile. Can also recommend profile changes. But Jasmine, what should we make of this 1 billion user milestone for LinkedIn?

Jasmine Enberg:

Well, it's a huge milestone again. Also, interestingly, it's coming just a few days after Elon Musk said that LinkedIn was one of X's biggest competitors now that they're rolling out XHiring, which I have a lot of questions about. However, I mean, I've definitely seen a surge in engagement on LinkedIn over the past year or so. It really has been able to not only avoid some of the struggles that other social platforms have had and really pick up new users from the turmoil at X in particular, and it's become a hub for news.

It's also morphing from being solely a professional network to having people socialize still in a sort of professional way. And it's also rising in terms of bringing in B2B and B2B influencers in particular. So it really is growing and much more beyond its roots as being a professional network where people can search for jobs, for example.

Marcus Johnson:

That's what we've got time for for this episode. Jasmine, thank you so much as always for hanging out today.

Jasmine Enberg:

Thank you for having me.

Marcus Johnson:

Of course, of course. Thank you to Victoria who edits the show, James who copy edits it, Stuart who runs the team, and Sophie who does our social media. Thanks to everyone for listening in. You can hit [Subscribe](#) or [Follow](#) and also the bell icon to turn on notifications for new content if you so choose. We'll hopefully see you tomorrow for the [Behind the Numbers Daily](#), an e-Marketer podcast.