

# Snapchat's US Ad Business Will Soldier on, Growing 24.3% This Year

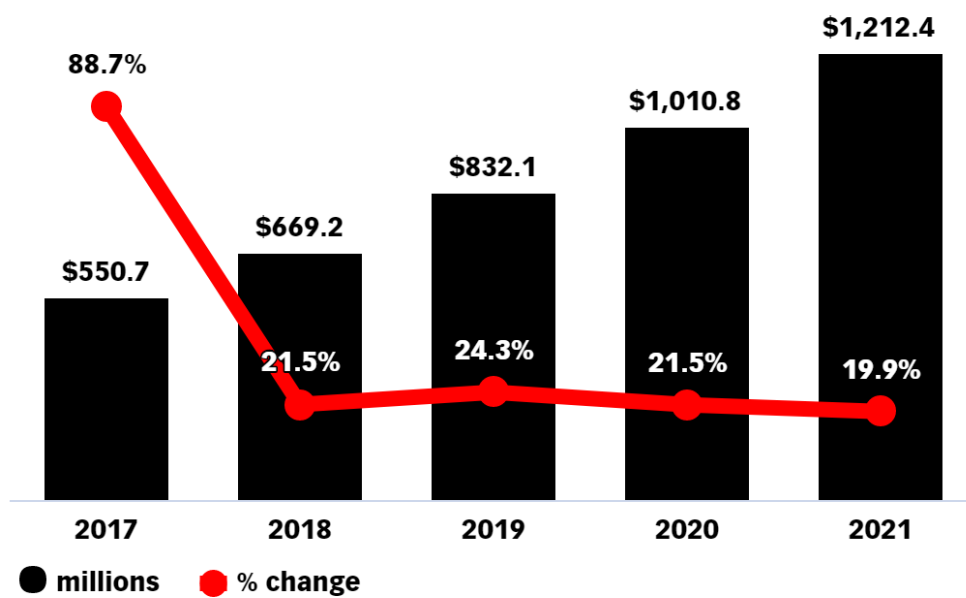
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**Ross Benes**

**B**etween [paying influencers](#), launching a [gaming platform](#) and new [round of original shows](#) and actively [courting UK advertisers](#), Snapchat has been busy trying to woo marketers. While we predict that Snapchat will cross \$1 billion in US net ad revenues in 2020, reaching this milestone took longer than anticipated.

## Snapchat Ad Revenues

US, 2017-2021



Source: eMarketer, February 2019

www.eMarketer.com

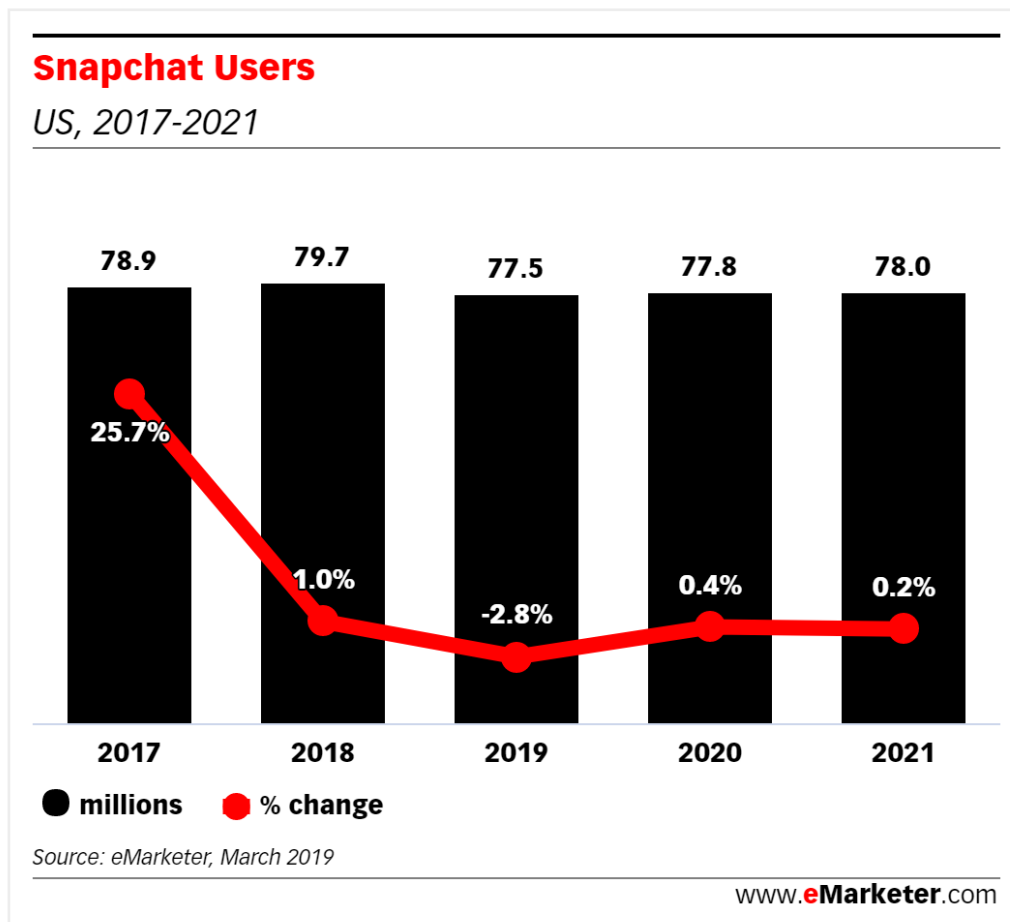
We **lowered our Snapchat ad revenues forecast** twice because of the company's shift to selling ads programmatically, which eroded its ad prices. Since adopting automated selling, Snapchat's CPMs **fell below \$10** and **have stayed there**, according to Digiday. Previously, Snapchat used a managed-service ad selling model, and back in 2015, it reportedly **charged brands \$750,000** per day to advertise on its platform.

"Self-serve programmatic buying has expanded Snapchat's reach to more advertisers, especially small and medium-sized businesses that can invest in ads at lower bid prices. However, moving the vast majority of their ad inventory into this lower cost structure has tempered earlier growth estimates," said Monica Peart, senior forecasting director at eMarketer.

Another issue: Snapchat's **user growth has stalled**. The worldwide average daily active user base (DAU) for the app was 186 million in Q4

2018, unchanged from Q3. Some ad industry observers **blame Snapchat's lack of user growth** on its controversial **November 2017 redesign**.

We expect Snapchat's US monthly user base to decline 2.8% this year to 77.5 million. However, we expect Snapchat to increase its worldwide monthly user base 11.3% to 297.7 million in 2019. But its latest earnings report indicates that the increase in infrequent monthly users **hasn't translated to an uptick in habitual daily users**. Note: Snapchat doesn't release monthly active user (MAU) figures.



Despite a plateau in user base growth and lower ad prices sold programmatically, Snapchat's US ad revenues will grow 24.3% this year, capturing 0.6% of the US digital ad market, according to our estimates.

“All indications are that Snapchat's efforts around premium video ad formats and Stories are paying off, and monetization continues to grow on a mostly stagnant US audience,” Peart said.