

Snapchat cements AR ecommerce as a top priority ahead of Q2 earnings

Article

The news: Snapchat is attacking augmented reality (AR) ecommerce from both angles with two new partnerships this week:

- On Monday, the company announced that it **acquired** AR startup **Vertebrae**, which helps brands make digital 3D versions of their products.
- On Tuesday, it **announced** a partnership with **luxury ecommerce site Verishop** to bring a mini version of Verishop's fashion and beauty catalog to Snapchat. Its products can then be virtually tried on through AR and purchased directly from the platform.

How we got here: Snapchat has had AR since the advent of its Lenses back in 2016, but it's increasingly focused on tying the tech to its ecommerce ambitions.

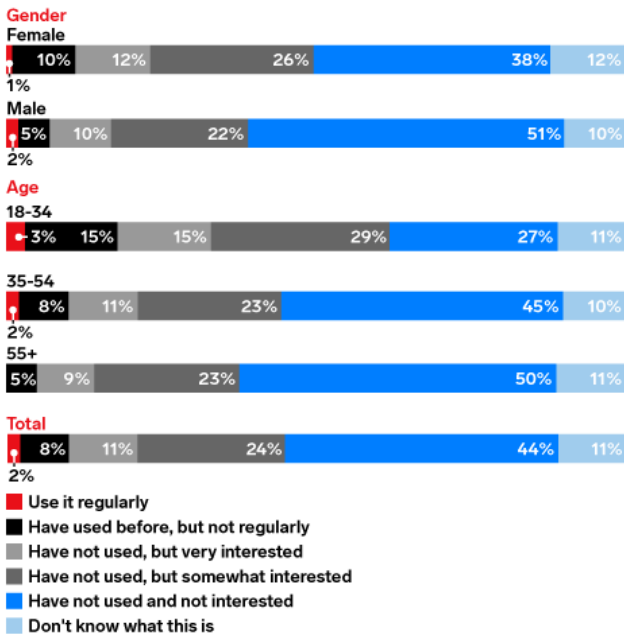
- The company has been **experimenting** with using AR for ecommerce since at least 2018, when it added a "buy" button to a **Nike AR Lens**.
- This spring, it got serious: In April, Snap **acquired Screenshop**, which uses AR to make clothing recommendations to users based on the photos they take. It also **unveiled** a slew of product updates at its Partner Summit, including AR try-on upgrades and shopping Lenses that can provide real-time product and pricing updates.
- It's even experimented with the exact tech Vertebrae will provide on a mass scale, collaborating with **Gucci** to let users try on a pair of virtual sneakers.

Key stats:

- AR shopping is still budding in the US. Just **10% of US adults said they had used AR or VR to shop**, though another **35%** said they were at least somewhat interested, according to an April 2021 survey by **Bizrate Insights** for eMarketer.
- But for those who do use AR to shop, it can be quite effective: Interacting with products via **AR showed a 94% higher conversion rate** than products without AR, **according** to Shopify data cited by The Harvard Business Review.

How Interested Are US Adults in Using AR* and VR While Shopping?

% of respondents, by demographic, Feb 2021



Note: numbers may not add up to 100% due to rounding; *for example, trying on clothing or makeup by superimposing an image onto themselves

Source: "The Insider Intelligence Ecommerce Survey" conducted in April 2021 by Bizrate Insights, April 8, 2021

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Look ahead: Snapchat's push into AR ecommerce is something to watch for during its Q2 2021 earnings tomorrow. AR is Snapchat's trump card against other social platforms—it's one thing Snap does better than any of its competitors. Its location-based innovations and an update on how its TikTok clone Spotlight is doing are also things to watch for.

Zoom out: This quarter is likely to be a strong one—in fact, we predict 2021 as a whole will be Snapchat's best since 2017 with ad revenues growing 45.6% to \$1.82 billion. Last quarter, the company reported that revenue was up by nearly two thirds (66%) to \$770 million.