# Imperial College Business School

# Snap!

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BY

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*"There is real value in sharing moments that don't live forever."*

*Evan Spiegel*

When you visit 'App Store', there are tons of social media applications waiting for you to download. Whether it is Facebook, Musical.ly, Twitter, or any other apps, what is it that makes people sacrifice their time, effort, or their phone's storage for a specific application? Or should perhaps a better question be "What made one of the most valuable brands, such as Facebook, decide to try to acquire one particular application for $3 billion, and did not succeed"?

Snapchat, a photo-messaging application, allows users to 'snap' photos or short videos, which they can then add some text, draw, or decorate, and send them to their chosen recipients. Unlike other messaging apps, snapchat perfectly fits with its ghost logo with its core concept of auto-deletion (Park, Eisingerich, and Pol, 2014). Photos or videos taken on Snapchat will disappear right after a set time when they are sent to specific recipients, and after 24 hours when they are up on 'My Story' (a user's homepage).

Figure 1: Snapchat Logo



Source: https://www.snap.com/en-GB/brand-guidelines/

Evan Spiegel, a CEO and a co-founder of Snapchat, is one of the young entrepreneurs who will forever be remembered for saying 'no' to Facebook. As all decisions about

the application have to be made by Evan Spiegel, with his vision, he did not only make Snapchat become famous as a photo-messaging app, but also a growing advertising business. It is an application that has changed the way people communicate with each other on social media. The application now has over 160 million daily active users globally according to user statistics in the S-1 filling that Snap. Inc. company used to kick off the process of going public in February 2017. Despite Facebook dwarfing Snapchat with 483 million daily active users at the time filed its first IPO paperwork, Snap is growing ambitiously on a much shorter timeline of five years compared with Facebook's eight years after it was founded.

"Deletion should be the default," Spiegel told the Daily Telegraph. Since Snapchat has the reputation for being a private communication channel, it enables users to have more intimate communication more 'safely'. Interestingly though, people use Snapchat in all sorts of ways. "More people are watching college football on Snapchat than they are on television", as Spiegel puts it.

In addition to the self-destruction function, Snapchat also notifies senders if the photo is being screenshotted. By this, the users feel more 'secure' to use the app as they can rest assured that there will never be any evidence of what they sent or shared. It lowers a chance of the photos being leaked, which mainly differentiate this application from others.

Unlike other tech entrepreneurs who built a social media empire and like to share what's going on in their lives, Evan Spiegel himself really values privacy. And by not updating or sharing his daily life, it leaves people with curiosity. Nobody knows what Snapchat is going to bring to the world, not even the company's employees. And evidently, the obsession of secrecy of Evan Spiegel has been proven by the success of the app, or as Spiegel shared: "We don't want to own people's photos. We want to help them communicate with friends in whatever way makes them happiest."

According to the App Store, Snapchat's slogan is "Life's more fun when you live in the moment". This is one of the main factors that has driven the application to be successful. Comparing to other photo-sharing social network such as Instagram, everything is all about posting photos with quality, that people would put their effort in editing the photos in several photo-editing apps before posting them; Snapchat is

not like that.

It encourages people to see photos as a way to send message, instead of 'describing' a message. Enticing the users with a feeling of a stress-free and in-the-moment act, it allows people to catch up with each other's life much easier and more connected to one another.

"We no longer have to capture the 'real world' and recreate it online. We simply live and communicate at the same time," said Spiegel. Or think about Spiegel's: "Somewhere along the way, when we were building social media products, we forgot the reason we like to communicate with our friends because it's fun."

Because people want to feel comfortable and be themselves truly while having the need to be accepted by society (Park, MacInnis, and Eisingerich, 2016; Park et al., 2013), Snapchat knows this very well. It enriches people to be put into a sub group as just using the app itself already makes them be the "Snapchatters". Also, the fact that people use Snapchat could be driven by the need for popularity as it makes them feel cool to be one of the early adopters (Utz et al., 2015).

"We weren't cool," Bobby Murphy, a co-founder of Snapchat, told Forbes about their experiences. "So we tried to build things to be cool." This emphasises how the app was originally meant to be created to make people feel cool. By using Snapchat, it helps people to express their own selves.

The best and what Snapchat is famous for is its various interactive filters, a function that people choose and can pick from a variety of stickers or draw on both photos and video snippets, as well as the latest feature Bitmoji, which allows users to make a cartoon character version of themselves and use it in their snaps (De Looper, 2016). This makes people feel more connected to the app they are using as it is more personalised to resonate with their sense of self as well as to demonstrate themselves in their own special way. Indeed, everyone is unique and has their own characteristics. "Social media is about friending someone so they'll invite you to a party or get you a job. If that's the work, Snapchat is the playground", shared Spiegel.

By this, using personalisation with consumers can create a pleasing interaction

between consumers and the brands, and will most likely build on the relationship with the brand through future interactions (Eisingerich et al., 2010, 2015).

**Key Takeaways**

*Unlock aspiration for a new generation*

Snapchat does not only change the way people communicate by sending photos to each other, but it also aspires not only end users but also organisations alike to use creativity to create a new community. There is a new way of communication method that is more inspiring and innovative so brands can reach out to consumers more easily, which can lead the company to create new marketing strategy.

"Traditional social media, in the view of our company, has become a bit repetitive. It doesn't feel very good to be marketed to by your friends. Snapchat is different because it says, look, friends aren't valuable to you just because they can get you into a cool party" (Evan Spiegel).

An example would be how large institutions such as United Nations that typically use traditional ways to communicate have now started to adopt this new channel. In addition to adding playful stories in educational content, combining live events organised by UN with real-time tagline and behind-the-scenes content allows for immediacy, transparency and authentic engagement (Liu et al., 2015). For UN's case, an opportunity to using Snapchat to update each event can help the organisation to reach younger audiences more easily as it can be seen as more casual than normally (Baird, 2016).

*Never stop surprising consumers*

Being mysterious and able to surprise consumers (in a good way) is always a good strategy for a brand to follow. The fact that one brand can never be old or boring in consumer's eyes is that it keeps coming up with new innovation for consumers to be 'wowed' by. Since Snapchat is famous for being secretive, every time it comes up with new offerings, it succeeds in surprising the society and gets great feedback.

For example, when the company released the first gadget, a camera-enabled set of sunglasses called Spectacles, it did not use the traditional launch cycle whereas a staged announcement, sponsored reviews, or any kind of press release. Instead, they dropped a big yellow vending machines called a Snapbot around strategic locations for one day only, which is the only way people can get the glasses. By doing this, Snapchat created the psychological effect of perceived scarcity; increasing the need to purchase for consumers, and it was successful.

*Strongly believe in your brand*

Most importantly, it is widely known that a big company like Facebook offered Snapchat a great amount of money in order to acquire the app. If Spiegel did not see that the value of Snapchat is much more than $3 billion, he might have really regretted his decision. Spiegel strongly believed that there is so much more that his brand can do.

"There are very few people in the world who get to build a business like this," Spiegel said to Forbes. "I think trading that for some short-term gain isn't very interesting."

**What's Next and More**

As any emerging business trying to keep up with its rapid growth pace, there are a number of managerial challenges ahead awaiting to be overcome.

Discover channel gives brands the space to display their ads with over 2 billion views a day, which is half the number of views Facebook gets per day with 1.4 billion users. The Discover channels are published daily by select media partners like Cosmopolitan, Daily Mail, Vice, ESPN and Comedy Central. However, traditional target marketing might not be suitable in this context due to the condition of anonymity and privacy concerns. Snapchat might face the difficulties to provide well-defined profile of target audiences; a challenge that might be overcome by leveraging the brand and let users have a say in what the brand should feel and look like (Bell, Auh, and Eisingerich, 2017; Eisingerich, Auh, and Merlo, 2014; Eisingerich and Kretschmer, 2008).

Moreover, demographic and geographic limitations. Snapchat certainly attracts the millennial generation creating an extensive attention and engagement. On the other hand, this type of users are accused of being incapable of commitment which might be less loyal to the brand. How to sustain this group of users in a long run or to explore other potential segment who are older than 35 could be the next essential question for Snap Company (Chun et al., 2015). In addition, Snapchat doesn't currently offer much advertising options for marketers in Asia. Not to mention it is banned in China since it stores personal user data for Chinese citizens on servers outside China and a clone application called Snow own by South Korean company Naver have become popular with its own set of localised features. Exploring underserved geographic market seems to be another food for thought.

Lastly, attacks from competitors such as Facebook and Instagram. Social media giants launched similar product features as Snapchat mainly provide may cause Snapchat to lose its unique value. Despite the Snap Company repositioning itself as an innovation and a camera company as opposed to an online and social media company to establish a new brand association, going the route of innovative product or device manufacture could possibly at the same time dilute the brand image. How can the hip, cool, tech-oriented brand identity be sustained over time?

Questions to consider:

1. How can Snapchat remain relevant to younger audiences while tapping into the market of 'older' consumers?
2. How can the Snap brand be leveraged? What are its boundaries?
3. What should Snap's next move be?

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