

Snap shares dive on bad quarterly results

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Snapchat founder and CEO Evan Spiegel says parent-company Snap continues to face 'significant headwinds' when it comes to ramping up revenue.

Shares in Snapchat's parent company plunged more than 14 percent on Tuesday after it reported a loss in the final three months of last year on seemingly stalled revenue.

In what could be a harbinger of pain to come for other tech firms like Google and Meta that rely on digital ads to make their money, Snap said it lost \$288 million in the recently ended quarter as revenue remained essentially flat at \$1.3 billion.

Snap's loss for the entire year nearly tripled to \$1.43 billion when compared to 2021, the earnings release showed.

"Snap is a canary in the coalmine, and its Q4 earnings paint an unsettling picture of the state of the social ad market," said Insider Intelligence principal analyst Jasmine Enberg.

"Advertisers continued to pull back social ad spending into Q4, as [economic challenges](#) persisted, and the [social platforms](#) continued to reel from Apple's privacy changes."

Facebook's parent Meta and Alphabet-owned Google, lions in the online ad market, are to report earnings this week.

Financial analysts had expected Snap to post a profit in the recently ended quarter.

"We continue to face significant headwinds as we look to accelerate [revenue growth](#)," Snap chief executive Evan Spiegel said in an earnings release.

"We are making progress driving improved return on investment for advertisers and innovating to deepen the engagement of our community."

The online platform ended last year with 375 million daily active users in a 17 percent increase from 2021, according to Spiegel.

"Snap's secret weapon is its audience," Enberg said.

"Snapchat users are a built-in research and development tool for Snap's long-term (augmented reality) ambitions."

Snapchat managed to increase its ranks of users last year, but that growth is coming from parts of the world outside the United States where it makes less money from audiences, according to the analyst.

Snap in August of last year confirmed a plan to cut 20 percent of staff, as the photo-centric messaging app worked to dig itself out amid competition and revenue woes.

A hit with young internet users in its early days, Snapchat has remained a small player in the [social networking](#) space as competition from other apps, such as TikTok, has grown ever more intense.

Like other social networks, Snap has taken a hit as advertisers have tightened their belts, and from new privacy changes by Apple that have bitten into firms' sales of costly but highly targeted ads.

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