

SnapChat photo app in Ridgewood nude photos case not making money, yet

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Snapchat, a free smart-phone application that sends photos that disappear 10 seconds after they are opened, is gaining followers and funding, though it generates no revenue and on occasion could be used inappropriately.

That happened recently at Ridgewood High School, where nude photos of two female students were sent through Snapchat then captured and posted publicly on another smart-phone app, Instagram, making permanent what was supposed to be a temporary “snap.”

Snapchat, which has offices in Los Angeles, sends a notice to the sender if a screen shot of a snap is grabbed, and its parental guide urges parents to discuss the legal and social ramifications of sending explicit images.

The free Snapchat app, which without advertising on its interface doesn't bring in any revenue, was created in 2011 by Evan Spiegel and Bobby Murphy and has raised \$14 million in funding. Its primary backer is Benchmark Capital, a Silicon Valley firm that initially financed Instagram.

With little fanfare or marketing, Snapchat built a following among mostly underage users through word of mouth. By October 2012, users of the app had shared more than a billion snaps, or more than 20 million a day. By December, that number had climbed to 50 million, according to Snapchat's blog.

Spiegel and Murphy have said the lure of risqué photo opportunities is not what is generating interest in the app.

Most people use Snapchat to share a photo quickly with someone who is not with them, like many do through text, without the annoyance of deleting the photo, said Dan Sutko, who teaches social media at Rutgers University.

Snapchat's popularity stems largely from a desire for the temporary, said Jack Bratich, chairman of Rutgers' department of journalism and media studies, who studies social media.

“There is something intensely personal and ghostly about a shared image that disappears,” he said via email. “It provokes us to remember and to appreciate the transitory.”

Snapchat's appeal has caused Facebook to introduce its own version, called Poke, in December 2012.

Snapchat is ranked 15th in the United States for free apps in the iTunes store, according to App Annie, an app analytics firm. Snapchat announced in December that it expanded its app to include video that is also transitory.

Sutko said Snapchat's popularity will only increase its valuation.

“More users, more snaps equals more value if this company gets sold,” Sutko said. A New York Times article on Snapchat earlier this year valued the company at \$60 million to \$70 million.

And since it is growing, like most Internet companies, the next step for Snapchat could be to earn revenue by charging its users or privatizing user information to setup advertising revenue, Sutko said.

But it could be difficult for brands to develop a presence with Snapchat. Its main users are minors, which creates regulatory hurdles, said Jared Hendler, executive vice president and global director for digital and creative at MWW Group, a marketing company with an office in East Rutherford.

If there was a way to market just to Snapchat's adult users, Hendler could see brands benefiting by providing temporary access to exclusive deals.

"The people who catch it for a period of time are the lucky ones," Hendler said.

Brands that are the most aggressive in advertising on social media are consumer companies like PepsiCo, Macy's and automakers.

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