

Snapchat launches original TV shows tailored to mobile audiences

October 12 2018, by Stephen Battaglio, Los Angeles Times

Fall is here and the curtain is going up on new TV shows, ranging from mystery stories with young female tech-savvy crime-solvers, to reality shows following the lives of emerging drag queens and social media stars.

You might expect to find such fare on the CW or an edgy, youth-oriented cable channel. Instead, they are among more than a dozen new programs from the company behind the video file sharing app Snapchat.

Starting Wednesday, Santa Monica-based Snap Inc. is plunging into the fiercely competitive arena of scripted programming, in another sign of how digital media is looking more like television. The goal is to attract more advertiser dollars and keep its fickle, young audience engaged.

Viewers need only five minutes to watch one of the app's original serialized offerings that come from such established names as Mark and Jay Duplass and "Riverdale" writer Tessa Leigh Williams. Every series will have a continuing story line and premiere a new episode daily to keep viewers hooked (unlike shared photos and videos, the series will remain on the platform after their runs).

But the real cliffhanger is whether the shows can help turn around the fortunes of Snap, which has struggled in its quest to reach profitability by 2019.

Despite double-digit revenue growth, Snap posted a \$353-million net

loss in the second quarter and has seen its stock price sink more than 50 percent since the start of the year. The number of daily active users for the app dropped 2 percent from the first quarter to 188 million after the latest redesign of the app. Analyst Michael Nathanson of MoffettNathanson said in a research note Tuesday that the company may need a new round of funding next year or risk running out of cash.

Presenting a slate of short-form shows—called Snap Originals—that carry two six-second commercials per episode will at least help the app capitalize on advertiser demand for video ads online.

Research firm EMarketer projects that ad spending on digital video will grow nearly 30 percent to \$27.82 billion in 2018. Snapchat is projected to have about 1 percent of that pie with \$397 million in ad revenue this year, up 17 percent from 2017, according to EMarketer.

The app is best known for on-screen filters and short pieces of sponsored content, not as a media channel that carries programming.

Creating original TV programs is an expensive way to change that perception. Snap will pay \$35,000 to \$50,000 for a five-minute episode for its scripted series. While those budgets are not big by traditional TV standards, they are not cheap for short-form web content.

Snap is entering a crowded field. Facebook, YouTube and Twitter are also chasing the growing mobile audience with short-form content, and they will soon be joined by Hollywood veteran Jeffrey Katzenberg, who has raised \$1 billion for his NewTV venture.

Katzenberg plans on getting big-name talent to make 10- to 15-minute original programs designed for mobile users. (The 18-to-34 age group already consumes more media from mobile phones than television, according to Nielsen.)

"There is an intense amount of competition for attention among these platforms, most of which are serving a similar audience, demographically speaking," said Paul Verna, principal analyst for EMarketer. "If Snap can create a show that their users feel they have to watch, having exclusivity over that property could allow them to retain and attract users. It's a tall order because people don't choose messaging platforms on the basis of their content."

Sean Mills, senior director of programming content for Snap, said Snapchat can establish a beachhead because it already carries short-form programs through its deals with other media outlets such as NBC, ESPN and Discovery. He is not daunted by the upcoming deep-pocketed venture from Katzenberg.

"He's talking about it," Mills said. "We've been doing it."

Even with Snap's recent troubles, the Snapchat app reaches 100 million users in the U.S. and Canada every month. The average user spends 30 minutes on the app and checks it 20 times a day.

The most successful program currently offered by Snapchat is "Stay Tuned," a twice-daily, fast-paced, youth-oriented newscast produced by NBC News. (Tom Brokaw most likely has neckties that are older than the program's co-hosts Gadi Schwartz, 35, Lawrence K. Jackson, 27, and Savannah Sellers, 26).

Launched in 2017, "Stay Tuned" has seen its audience double this year to 5 million viewers a day. More than half of those viewers watch three times a week. About 70 percent of the audience is between 13 and 24 years old, far younger than the TV news audience, where the median age hovers around 60.

Since November, ESPN has produced a version of its signature highlight

program "SportsCenter" for Snapchat that reaches 2.5 million daily viewers in the U.S. Half of them watch three days a week.

"What we're seeing is a very daily habit has formed," Mills said. "People are coming back every day and watching the same shows in a way that looks a lot like the way we all watch television."

Serialized short-form scripted series and reality series designed for young viewers is a logical next step, said Mills, as Snapchat is the leading app for teenagers.

Three shows being launched this week include "Class of Lies—written by Williams—about a pair of college roommates who have a true crime podcast and solve cold cases.

Also premiering is "Co-Ed," the Duplass brothers-produced series that explores sex and romance in the lives of college freshmen.

Later this month, Snapchat will launch "The Dead Girls Detective Agency," based on the young adult novel about a young woman in purgatory who tries to solve her murder.

Both "Co-Ed" and "The Dead Girls Detective Agency" are produced by the studio Indigo—Snap's joint venture with NBCUniversal to create programs exclusively for mobile platforms.

Two Snap originals will also come from reality show maker Bunim/Murray Productions. "Endless Summer," which follows the lives of social media personalities Summer McKeen and Dylan Jordan living on Laguna Beach, is part of the initial launch. The company is also filming "Growing Up Is a Drag," which features teenagers pursuing careers as drag performers and will premiere in the next few months.

Along with their brief length, the shows will have the look and feel of other Snapchat content. They are shot for a vertical phone screen and make heavy use of graphics, split screens and quick cuts. Viewers will also be able to use Snapchat's augmented reality tools, such as a lens that allows them to interact with objects and characters on the programs.

"A 17-year-old who is watching the show in South Dakota can now step onto Laguna Beach and meet the characters on 'Endless Summer' where they live," Mills said.

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Citation: Snapchat launches original TV shows tailored to mobile audiences (2018, October 12) retrieved 25 April 2024 from

<https://phys.org/news/2018-10-snapchat-tv-tailored-mobile-audiences.html>

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