

blank slate

Snapchat is the darling app of the under-25 crowd—
not to mention of brands such as Disney, HBO,
and Taco Bell, and the venture capitalists who
value it at \$10 billion. Is there any way to turn this
phenomenon into a business without destroying it?


By Jillian Goodman

Photo illustration by Jeff Lysgaard





**Snapchat CEO
Evan Spiegel
has let brands
experiment
while he picks
a revenue plan.**



Snapchat star Shaun McBride has snapped for Stride gum, Sonic Drive-In, and Disney.

“Shonduras!”

The shouter comes loping down the street. He’s tall, roughly 16 years old, wearing a gray-striped tank top, saggy shorts, and a hat over his red hair.



"Is that Shonduras?" he asks, panting and pointing in the direction where his quarry has just disappeared. Yes, he's assured, it is.

Shonduras, aka Shaun McBride, is a popular Snapchatter. At last count, he had around 240,000 "friends" on the disappearing-photo-and-video-sharing app, which makes him one of the most popular people on one of the most popular social media platforms around. Shaun, therefore, is also an influencer, a valuable commodity for brands looking to attract attention from customers in the lucrative younger demographics that make up the bulk of Snapchat's reported 100 million active users. Tonight, Walt Disney World has hired him to take over its account during Mickey's Not-So-Scary Halloween Party, an event that happens 26 times in the

Magic Kingdom between Labor Day and October 31. The Halloween-night party is already sold out, but this is mid-September and there are six weeks' worth of tickets yet to sell.

After a few minutes, Shaun, dressed as a bright-blue cereal bowl, jogs back to where we're standing. It's just before 9 p.m. The kid has been bidding his time, watching Mickey's Boo-to-You Halloween Parade go by, bouncing expectantly on the balls of his feet, but now that he sees Shaun again he takes off into the middle of the street to meet him. Their interaction is brief: a smile, a selfie, a handshake, and off the kid goes, shaking his head in lingering disbelief. The kid may be the most brazen Shonduras fan in the crowd, but he is not the only one, not by far. Shaun pulls out his phone and shows me that someone else

has just taken a picture of him in his costume and posted it to Snapchat. He grins. More friends.

All of this is exactly as absurd as it sounds: A man is being paid by the Walt Disney Corp. to dress up as a cereal bowl and attend a party tuned to the frenetic brains of 10-year-olds, and a grown-up reporter is being paid to watch the whole thing. However, I'm also willing to say that all of this is perfectly reasonable, because within this surreal tableau is the key to understanding some of the more significant changes wrought on our society by social media.

Snapchat first blew up in 2012, as, ostensibly, a sexting app, but it has since been recognized as a brilliant messaging tool that has enabled a brand-new online behavior. Part of the appeal of Snapchat is its immediacy: The app opens right into the camera screen and tightly limits your ability to upload existing photos, meaning that for the most part, you're able to trust that what you see on Snapchat is happening right this very minute.

That you-are-there feeling, perhaps even more than the ephemeral nature of the pictures, is why Snapchat has broken through the glut of social and photo apps and established itself as second only to Facebook and Instagram in market dominance. "When you think of Facebook or Instagram or any of those things, people just scroll through," Shaun tells me a week before our Disney trip. "But with Snapchat, you know it's going to disappear and you'll never be able to see it again. It's more personal. It's momentary, so you have to absorb it while it's there."

And that's why brands are desperate to exploit it. "People are like, 'Why would a brand spend money on something that disappears in 10 seconds?'" Shaun continues. "Well, something that's on the Internet forever, people are only going to look at it for one second, and then they'll never look at it again. Even though it feels like [a Snapchat image] disappears, you actually got their full attention for 10 seconds, which is invaluable."

Until recently, CEO Evan Spiegel has been deliberately vague about the company's intent to charge somebody something for anything; in early October, for instance, he reignited speculation about Snapchat's revenue plans when he told Katie Couric at the *Vanity Fair* New Establishment Summit that the company would roll out an ad product "soon." (Snapchat executives declined to cooperate with this story.) But nine days later, in a note posted quietly on the company's blog, Snapchat announced that it would begin rolling out ads immediately. "An advertisement will appear in your Recent Updates from time to time, and you can choose if you want to watch it," it said. "No biggie."

The announcement seemed sudden, but Snapchat had been honing its pitch to advertisers for months. In a presentation that leaked



over the summer to the website Digiday, Snapchat touted its statistics—50% of users are under the age of 25, another 50% live outside the United States—and walked marketers through case studies showing how such brands as HBO and GrubHub have already used the service.

In its blog post, Snapchat outlined a larger philosophical mission for its ads. “We want to see if we can deliver an experience that’s fun and informative, the way ads used to be, before they got creepy and targeted,” it said. So there was a certain irony to the ad that finally showed up the following day, a 20-second spot for the upcoming horror movie *Ouija*, based on the classic board game that was itself both creepy and perfectly targeted to the bulk of Snapchat’s users. But the company split no hairs as to why it was introducing ads in the first place: “The answer is probably unsurprising—we need to make money.”

That need has become more acute lately. In late summer, reports began surfacing of investors supposedly participating in Snapchat’s next round of funding, one that would value the company at \$10 billion. A-list venture-capital firm Kleiner Perkins Caufield & Byers was among the names mentioned, as was Yahoo. When the Kleiner rumor broke in August, the uproar that ensued—a rerun of what had happened just eight months earlier when Spiegel rejected a \$3 billion acquisition offer from Facebook—seemed to imply that this was the latest sign not only of a technology bubble but also the End of Days. Nonsense, according to Twitter CEO Dick Costolo, who volunteered, via tweet, “Snapchat at \$10b not absurd. Crazy growth, clear monetization path, & one of the best social product thinkers out there. Long (figuratively).”

A sane person would be forgiven for wondering what made Snapchat’s path to monetization so clear to Dick Costolo, so long before it was clear to anyone else. Then again, a sane person would also be forgiven for wondering why, exactly, Disney would fly Shaun to Orlando, put him up in a \$600-a-night hotel room, and pay him a healthy four-figure sum to dress like breakfast food and take camera-phone pics of a parade.

If Snapchat’s goal is to return advertising to a state of mythical purity, where ads and content exist in perfect harmony, then looking at Shaun’s relationship with Disney is a good place to start. That, in fact, is why I’m here, to understand Snapchat and figure out why brands are so obsessed with it. Shaun takes off again up the street, toward Cinderella’s Castle, and this time, I follow.

“If you want an effective Snapchat account, you have to have two phones,” Shaun says, juggling chargers in his hotel. It’s a little after 2 p.m. on the afternoon of the party. We’d spent the morning wandering around Magic Kingdom,

Brand-new frontier

Four organizations that adopted Snapchat early and what it’s done for them



HBO



MLS



TACO BELL



DOSOMETHING.ORG

SNAPCHAT HANDLE

girlsHBO

MLS

tacobell

DoSomething.org

FIRST SNAP

January 2014

June 2014

April 2013

November 2013

GOAL

Connecting audiences to HBO’s *Girls* and each other, across multiple screens

Subtly establishing a brand personality and targeting young urban professionals

Encouraging participation by linking a community interested in new menu items

Joining a new trend early and meeting young people where they already are

CONTENT STRATEGY

Sneak peeks of new episodes and inside jokes turned into finger-drawn snaps

Let athletes run the account, to take followers into the locker room

Highly produced video stories, games, and quizzes

Turn a faceless brand into a personality with an official Snapchatter

SIGNATURE CAMPAIGN

The “girls” doodle on selfies at the red-carpet premiere of season 3

Maurice Edu of the U.S. Men’s National Team snaps selfies with fellow players

A scripted video for Spicy Chicken Cool Ranch Doritos Locos Tacos

A Valentine’s Day story where followers decided what Cupid did that day

QUOTE

“Your execution happens in the moment, and you’ve got to nail it.”

Lindsey Pearl, director of social media, HBO

“We saw Snapchat as an authentic way to communicate with the youngest fans of any sports league.”

Chris Schlosser, VP, MLS Digital

“The more you can ask the audience to participate, the better.”

Tressie Lieberman, director of digital marketing, Taco Bell

“We’ve found that one of the times for highest engagement is during school hours.”

Bryce Mathias, official Snapchatter

EFFECTIVENESS

Measurably more engagement than on other social media

“Record engagement.”

“Engagement is through the roof.”

More than 500 responses to each story

WOULD YOU USE IT AGAIN?

For *Girls*, yes, but it’s too soon for, say, *The Leftovers*

Yes

Yes

As long as young people are still using it

WOULD YOU PAY SNAPCHAT FOR IT?

No comment

Would consider it.

“We’d certainly be interested in it.”

No; DoSomething has no marketing budget.

and now Shaun's wife, Jenny, is asleep on a bed across the room. Shaun is using the downtime as a chance to juice his phones for later—one Android, which has better picture quality, and one iPhone, which is better for video.

Also in the room is Alex Ruiz, digital marketing director for Disney Parks and Resorts, which last year generated almost \$15 billion in revenue for its parent company. As Shaun untangles cords, Alex is working on the cereal-bowl costume, fashioning the straps that will hold it up. "You got the iPhone?" he says from behind his ironing board. "Which one did you get?"

"I don't know, whichever one they had," Shaun says.

Shaun, 27, is young enough to be fluent in digital media and old enough to be savvy about it. "I'm kind of the Snapchat poster boy," he says, with a mixture of braggadocio and total credulity. Shaun's Snapchat messages (known as snaps) run the gamut from hilarious illustrations to carefully plotted scenarios featuring his two wiener dogs, Koopa and Olive, to candid shots of him and Jenny at home—often eating cereal. (Both of them have two jobs, and they wind up eating cereal for dinner a lot. It helps that Shaun loves it.)

Shaun grew up skateboarding in West Point, Utah. When he's not Snapchattling, he acts as the middleman between skateboard and snowboard brands and the stores they supply. In that capacity, he gets a lot of free gear. (As I sat on the couch in his hotel room, I glanced into his open suitcase and saw a stack of new-looking hats.)

He also gets to go on the road with a lot of professional athletes, and it was for that reason that his sister Sarah, now a high school junior, introduced him to Snapchat last November. "Shaun's always been good at art and stuff," she says. Drawing on images is a central part of the Snapchat aesthetic.

Shaun started with snaps of people sleeping in airport lounges and waiting in line at ticket counters. Sometimes he'd add funny drawings—for instance, turning a blue-haired woman into a My Little Pony. He began to develop a following, starting with his four sisters and their friends and spreading outward from there.

Before long, Shaun realized that he might be able to make some money from his new pastime. "I started researching more about Snapchat, and I was like, Man, I think brands could really use this," he says. Brands had been experimenting with Snapchat as an advertising platform as far back as early 2013, but didn't flock to it in great numbers until October of that year, when Snapchat launched Stories. The feature allows

users to string together as many 10-second snaps as they want, and, crucially, a Snapchat Story exists on a user's account for a full 24 hours.

This, brands could understand. Stories looked like a narrative ad. The feature was a game changer both for Snapchat, which disclosed earlier this year that it now gets more than a billion views per day, and for the brands that had been kicking around for a way to exploit it.

Disney discovered Snapchat in May 2014. "We loved the creativity that we were seeing from users," explains Tom Aronson, VP of digital marketing for Disney Parks, who thought it would be a clever way to promote its Rock Your Disney Side summer kick-off event, during which both Disney World and Disneyland stay open all day and all night. "With our own 24-hour event and their 24-hour Stories, it just seemed like a really perfect test for us."

Aronson's team hired Shaun to snap from the Disneyland party (Walt Disney World has a separate account), which proved to be a turning point in his Snapchat career. Two months later, Shaun traveled to New York to do a Snapchat

The first ad on Snapchat bore none of the hallmarks of the collaborative, playful work that Shaun routinely does for brands like Disney. Predictably, the response was nasty.

collaboration with Jerome Jarre, who is also a star on Twitter's six-second video platform Vine. With that endorsement, Shaun suddenly found himself in the upper echelon of Snapchat celebrity. Tonight's party is his third collaboration with Disney Parks in four months, and by now he and Alex have gotten to know each other well.

Calling Shaun or Jerome a Snapchat influencer would be a "misperception," Alex says. "These guys are artists. They tell unique stories." Alex is still ironing, while Shaun sits on the unoccupied bed creating a "teaser snap" for tonight's Story, silent except for the little *bwips* coming from his phone. I assume based on their rapport that Alex is around Shaun's age, but I find out later that he's actually in his forties, with a college-age daughter. "I could have totally asked costuming to do this," Alex says, surrounded by craft supplies. Shaun looks up from his drawing. "If it looked professional, it wouldn't be cool at all," he says.

The lead-up to the night's event started on Wednesday, when Shaun posted a Snapchat

Story asking his followers to take a screen grab of him, draw a costume on it, and upload it to Instagram with the hashtag #shonduras. On Thursday, he picked 10 drawings, reposted them to his own Snapchat account, and asked his followers to vote for the one he would make and wear to the party.

Marketers get lampooned for leaping on every new, hot social platform that comes along, but from their perspective, it's common sense. These days, a brand might get a couple hundred retweets on Twitter or a few dozen comments on a Facebook post, but Shaun got tens of thousands of votes on what his costume should be. The cereal-bowl idea was submitted by Barbara Buratti, aka parajorita, a 19-year-old Chilean girl who'd seen Shaun's many cereal snaps. Barbara likes Snapchat because it's personal. She follows brands that Shonduras works with and keeps opening their snaps even after the collaboration is done. A Vine user as well, she's been on Snapchat since this spring and found Shaun through the Story he did with Jerome Jarre. Now, she says, "there is nobody like Shonduras."

Technically, Shaun is supposed to be making the costume himself, but certain shortcuts have been taken in the interest of time. That's not the only workaround he will employ. A third-party app lets him prepare some snaps in advance, a breach of Snapchat etiquette that he commits regretfully but out of necessity. Right now he's working on a drawing of the Snapchat ghost mascot hand in hand with a ghost bride from the Haunted Mansion ride that we'd gone to earlier—tagline "Spooky Romance." Later, his wife will tell me about the time he insisted on throwing their dog Koopa in the air over and over again trying to get the perfect shot, which would eventually be turned into a drawing of him and the dog bursting out of a two-tier birthday cake. Shaun caught him every time, but still, "that was the worst," she tells me.

That level of commitment extends to interacting with fans, which is what really has attracted brands to work with him. Shaun tries to open every snap he gets. He favorites tweets and comments on Instagrams. (Fans routinely take screenshots of snaps to share on Twitter and particularly Instagram, a practice that has become a crucial part of the Snapchat ecosystem because it helps attract new users.) "I love making people happy!" is all he says when I ask him why.

Time passes, and still we haven't left for the party. The costume is done, and Shaun and Alex have gone outside to take a picture of the finished product. (Shaun makes sure to include a shout-out to parajorita when he posts it.) We're almost ready to head out when Shaun suddenly plops down on the couch and shouts, "Dude, people are loving it!" Even later, still in the hotel room,

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in Chinese. “Hopefully someone will drive by and see him and stop,” says Amoy, perched beside me on a blanket next to Walker’s black Jambox, wishing her husband could get a game. I inform her that his first opponent won’t be me, since whatever athletic gene my family may have once possessed stopped with my dad. Eventually, Walker comes over and plops down beside us on the blanket. “It took me finally realizing that it’s good not to give a shit what people think about me,” he tells me, when I ask him how he overcame the pressure to build the next great social media network. “I didn’t think I could build as great a company with those other ideas as I could with this one.”

Silicon Valley is obsessed by the concept of a “great company.” One less-noted fact about the Valley’s breakthrough companies is that they can spawn new networks of entrepreneurs hell-bent on creating yet another one. The foremost example of this is the famed “PayPal Mafia,” the group of tight-knit employees that were assembled by cofounders Peter Thiel and Max Levchin but dispersed after the company was bought by eBay. Helped in part by the fact that they invest in one another’s startups, the collective value that the group members—which include the founders of YouTube, Elon Musk, LinkedIn founder Reid Hoffman, and “super angel” investor Dave McClure—generated through their own ventures has dwarfed the value of that sale. (There is some overlap between that group and Walker’s budding network of black friends. Scriven, of Palantir, and Chris Martinez, who cofounded the data-based fertility app Glow with Levchin—both entrepreneurs of color—are associated with both the PayPal network and the group of professionals who make up the Walkers’ circle.) If Walker & Co. is successful, its ripple effect will be large and transformative, Walker hopes. “I believe Code2040 and Walker & Co. have the exact same mission, one is just for-profit and the other is not,” Walker later tells me.

“The changing demographic in this country is the greatest economic opportunity of my lifetime,” Walker says. “There’s an inevitability to this, and I think some of the greatest companies that will be built in the next 50 years will keep that in mind.” Presumably, it will be easier for them to “keep that in mind” if they come from the rising portions of that demographic shift. If Walker & Co. endures, it could help lead the way for Silicon Valley to embrace a larger group of diverse entrepreneurs to serve this larger pool of diverse customers. In such a future, being a black entrepreneur in Silicon Valley will no longer be remarkable in and of itself. Speaking in July of his yet-to-be-born son, Walker said, “if he realizes sooner rather than later the importance of not only being a consumer but also a producer, I’ll be a very proud father. Create for the world, right?”

On September 26, Walker and Amoy welcomed Avery James into the world at 6 pounds 13 ounces. Between his parents and the Glow fertility calendar app they used to help conceive him, he is already a product of his environment. ©

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Snapchat

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Alex puzzles out loud, “I wonder if we’re doing a hashtag?” Finally, around 6:30, an hour and a half behind schedule, we’re ready to go.

Snapchat clearly adds value for Shaun, who made as much last July from Snapchatting for brands as he will all year from his sales job. It also clearly adds value for Disney, which is selling \$67 tickets to its parties. What remains murky is exactly how Snapchat benefits from Snapchat.

Almost since Snapchat debuted, people have been asking CEO Evan Spiegel how he plans to monetize. When Spiegel attracted \$485,000 in seed capital in May 2012, he told TechCrunch, “We didn’t think we were ever going to raise venture capital, so we were planning very early on to generate a revenue plan.” In June 2013, he told them that “in-app transactions” would come first, and a few months later added that he hoped Snapchat would be making money by the time it raised its next round of funding. To date, Snapchat has raked in almost \$200 million in venture capital. In addition, the company has stoked speculation with a series of attention-getting hires of revenue executives from Facebook, Instagram, CBS, and Nike.

Observers have seen monetization potential with each new product enhancement. Two years ago, when Snapchat debuted video sharing, it looked like a perfect product to sell to brands. Same with Stories, which debuted a little over a year ago. In June, it launched Our Story at the Electric Daisy Carnival dance-music festival. Our Story lets anyone participating in an event to post an image or video of their experience, which Snapchat then edits into a single Story that anyone can view. (Our Story has since been used to capture the World Cup final, New York Fashion Week, and college football every Saturday.) In July, Snapchat rolled out geofilters, location-based photo overlays available exclusively to users in a particular geographic area. Brands have flocked to each new feature, all of which were offered for free.

Until the October reveal, Snapchat kept the lid on its revenue plans nailed down good and tight. Even Shaun, who has been invited further into Snapchat’s inner sanctum than most, didn’t have a clue. “From talking to Snapchat, they’re okay with brands being on the platform, but I don’t think that’s their way for making money,” he tells me. (Other high-profile creators report that their primary interaction with the company is via a liaison named Chloe, who can tell them how many followers they have and who speaks to them on her cell phone.) “They’re just trying to make sure brands don’t ruin it.” Several sources, including Shaun, discuss Twitter’s efforts to make money from Vine as a cautionary tale for Spiegel and his team. “Vine killed themselves with way too much advertising,” he says. “It’s just gotten really annoying.”

Snapchat seems to be learning by example. The company has discouraged Shaun from putting too much branded content on his own account, so he’s been posting the Not-So-Scary snaps directly to the Walt Disney World account, with Alex looking over his shoulder. “They’re being smart about it,” he says of Spiegel and the company’s money-making plans. “We’ve thrown around some ideas. I’ve hinted pretty well it’s not going to be through branding but more through extra features and stuff like that. I think that’ll probably be the future.”

This doesn’t jibe with what Spiegel told Couric, or with the *Ouija* spot, which looked like a 20-second TV commercial and bore none of the hallmarks of the collaborative, playful work that Shaun routinely does for brands like Disney. Predictably, the response to the ad was nasty. Some on Twitter threatened to delete Snapchat from their phones; worse, others swore not to open the ad or any other Snapchat may air. As an ad, the *Ouija* spot was fine. As a Snapchat product, it was a disaster.

There are other directions Snapchat could have gone. Selling brands some kind of dashboard that lets them track engagement, gives them tools for managing content (co-opting the third-party hacks creators like Shaun now use), and incorporates demographic data of its followers would be something they would happily pony up for. Kevin Jonas—yes, of the Jonas Brothers—has his own startup currently developing a platform along these lines.

The best time for marketers to be on a new social platform is before the platform is really ready for them. That’s the truth, and it’s one smart companies now understand. Spiegel’s pronouncements left the door open for ads based on where you are, but no revenue scheme that looks like an ad will ever get the same response that brands have been getting up to now. Companies may pay up, but they’ll always be chasing the engagement they got for free in the beginning.

It’s after 11 p.m. We’ve seen the Hallowishes fireworks show over Cinderella’s Castle and stopped for a snack at a café in Tomorrowland where Shaun and Jenny taught me about “fry sauce,” a mix of ketchup and mayonnaise that’s a Utah specialty. I am exhausted; Shaun is amped. He and Alex decide to invite people following the event to draw pictures of candy that Shaun will then screen grab and repost. I watch as he adds the snap to his Story of this day, and within a minute or two, as many as two dozen responses pour in. It really is remarkable how many people are sincerely and enthusiastically responding to what is essentially an ad. I remember what Shaun told me earlier in the day when we were huddled under a portico in the park during an unexpected soaking rain. “Kids don’t feel like they’re being advertised to yet,” he said. “It won’t be that way forever, but for the next few months, it’s gonna be great.”

I say good night to them around midnight. Twenty-four hours later, everything they’d done was gone. ©

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