

Snap shares jump on deal with Amazon that lets users buy products without changing apps

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Snap shares rose 8% on Tuesday after the company confirmed a deal with Amazon that lets users buy products from the online retailer without leaving the app.

The agreement follows a similar deal between Meta and Amazon and is designed to make purchasing easier for Snap users.

“Customers in the U.S. will see real-time pricing, Prime eligibility, delivery estimates, and product details on select Amazon product ads in Snapchat as part of the new experience,” an Amazon spokesperson said in a statement. “In-app shopping with Amazon is available for select products advertised on Snapchat and sold by Amazon or by independent sellers in Amazon’s store.”

The Information was first to report on the agreement.

Snap is looking to reignite growth, which has plummeted since Apple's iOS privacy change in 2021 made it more difficult for social media companies to target users with ads. Last month, Snap reported a 5% increase in year-over-year revenue for the third quarter following two straight periods of shrinkage.

Still, the company said it wasn't providing formal guidance, warning investors that it "observed pauses in spending from a large number of primarily brand-oriented advertising campaigns immediately following the onset of the war in the Middle East."

Last week, Meta debuted a new feature as part of a deal with Amazon that lets Facebook and Instagram users link their accounts so they can more easily purchase goods they see in Amazon ads without leaving the Meta apps.

Maurice Rahmey, co-CEO of digital marketing agency Disruptive Digital, told CNBC at the time that the Meta-Amazon deal represents a "win-win for everybody" and underscores how "these two walled gardens are kind of coming together."

Analysts from Bank of America wrote in a report on Monday that the "collaboration should increase top-of-mind product awareness for Amazon's inventory given Meta's strong targeting capabilities and likely improve ad conversion given less friction before purchase."

While investors have flocked backed to Meta this year, pushing the stock up almost 180%, they've been more restrained with Snap, whose shares are now up about 37% in 2023 after Tuesday's rally.

Tags: Snap, Amazon, apps