

Pinterest Idea Proposal

How is advertiser sentiment towards Pinterest evolving as the platform unveils new ad and measurement tools?

Report Available: November 30, 2023

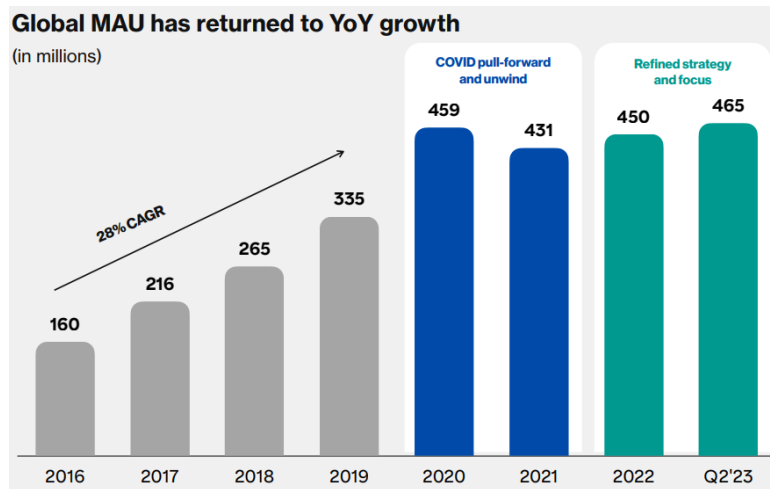
Blueshift Research will examine how advertisers are thinking about Pinterest as part of their digital strategies. How is spending on Pinterest trending and what is the outlook for 2024? Which platforms does Pinterest compete with most for ad dollars and where could they gain share? What do advertisers and agencies think about Pinterest's lower-funnel capabilities? What is their interest level in some of Pinterest's new ad and measurement tools? What is the significance of Pinterest's partnership with Amazon? To answer these and other questions, Blueshift will interview advertisers, ad agencies, and other industry specialists.

Observations

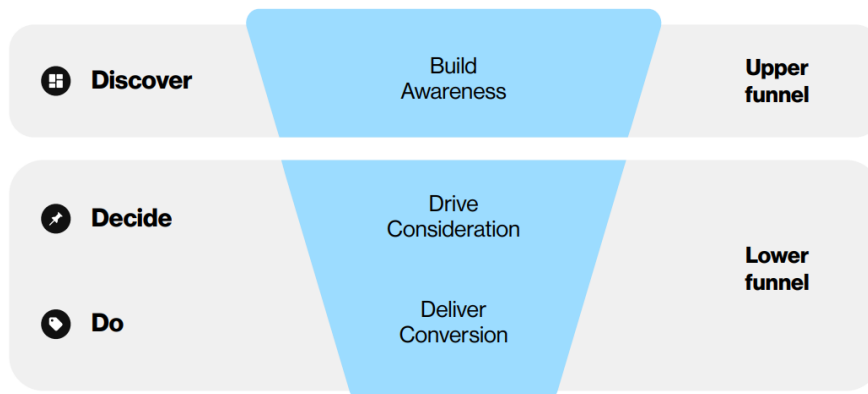
1. Pinterest's number of [monthly active users climbed 8%](#) year over year in Q2, its largest quarterly growth in more than two years. Combined with a 6% increase in total revenue to \$708 million, the rise in user numbers has offered investors some hope that the platform is emerging from a post-pandemic malaise that had beaten down shares from more than \$80 in February 2021 to below \$20 in June 2022. The company has forecast Q3 revenue to grow in the high single-digits year over year but told analysts in September that its goal is to grow in the [mid- to high-teens annually](#) and reach \$6 billion in annual revenue in five years.

If you are interested in seeing this Blueshift Research report, please contact Bill Jenks at (617) 244-4960 or billjenks@blueshiftideas.com. You can find more Idea Proposals on our website: www.blueshiftideas.com.

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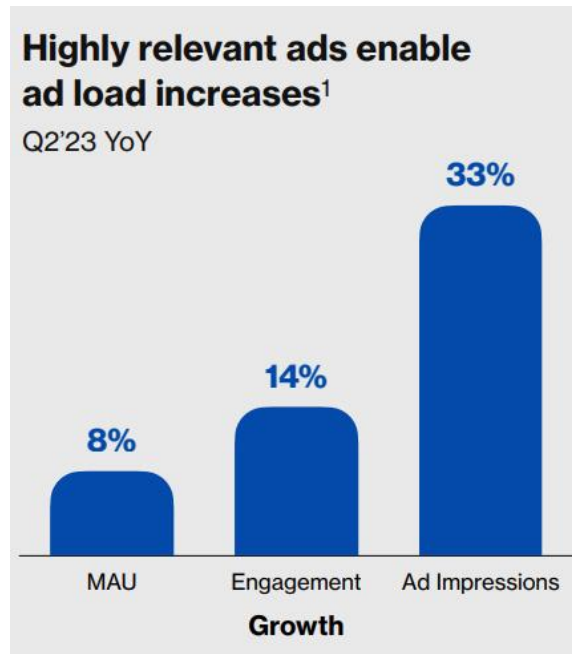
- Under a new CEO who took the reins in July 2022, Pinterest has been pushing to make its site more shoppable and transition from a “top of funnel” platform focused on brand advertisers to one that can also bring “lower funnel” opportunities with high click-through and conversion rates for direct advertisers. To that end, Pinterest recently unveiled [mobile deeplinking](#) capabilities to allow for one-click handoffs between its platform and advertiser apps or websites, and is rolling out an end-to-end automated advertising system similar in scope to Google’s [Performance Max](#) and Meta Platforms Inc.’s [Advantage+](#). “I believe we are just scratching the surface when it comes to monetizing lower funnel behavior on Pinterest,” CEO Bill Ready said.



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3. Pinterest executives believe their platform stands out from other digital ad options—including other social media— because of what they call the “high commercial intent” of the platform’s users. Further, Pinterest users tend to collect and curate ideas for future projects and plans, giving the company unique insight into potential upcoming purchases. The company claims advertisers saw a [45% increase in return on ad spend](#) (ROAS) when using Pinterest’s first-party targeting signals, compared to retargeting alone. “When you think of the power of that signal and what that can do in terms of the power of recommendations that we can make to users, the advertising capabilities that we can open up with that, I think we just have a lot of uniqueness in our signal,” Ready said.
4. Still, the competition in the \$550 billion digital ad market remains intense amidst an uncertain macroeconomic environment. In a sign of continuing softness in the ad market, Pinterest’s pricing was down 20% in Q2 and company executives said they are still seeing a lot of choppiness. There are, however, some signs of stabilization and recovery. Alphabet Inc. (GOOG/GOOGL) said [ad revenue climbed 9.5% in Q3](#), with YouTube ad revenue up 12%. Meta said revenues climbed 23% in Q3, but executives [warned of continued macroeconomic uncertainty](#) and potentially lower advertising demand in Q4.
5. As Pinterest tries to innovate on ad products and measurement tools such as its [API for Conversions](#), it has been increasing its ad load for users, reporting a 30% increase in its “monetizable supply” of ads during Q2 and claiming room for more growth. To that end, it has opened up its platform to third-party ad networks, starting with a [major partnership with Amazon.com Inc.](#) (AMZN) that allows ads from Amazon sellers to automatically appear in Pinterest feeds. Pinterest executives said they are pleased with early testing of Amazon ads but that the biggest impact to revenue won’t likely emerge until next year.

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6. On the user side, Pinterest is trying to appeal to a broader swath of consumers with a more diverse set of interests. Sources in Blueshift's [April 2021 report](#) said at the time that advertisers continued to perceived Pinterest in a narrow frame in terms of the demographics of its users and their interests, mostly around home décor and fashion. But company executives have told investors recently they are seeing real growth in areas like autos, finance, and travel, and that younger users—specifically Gen Zers in their teens to mid-20s—were the platform's largest contributor to overall engagement growth and the fastest-growing cohort in Q2.

Companies: Pinterest Inc. (PINS), Alphabet Inc. (GOOG/GOOGL), Amazon.com Inc. (AMZN), Meta Platforms Inc. (META), Snap Inc. (SNAP)

Research Begins: November 6, 2023