

Meme-stock craze fuels Reddit user growth and a \$10 billion valuation

Article

The news: Reddit raised \$700 million, lifting its valuation by 67% since its last round in February, per The Wall Street Journal.

How we got here: January's meme-stock craze resulted in a massive inflow of Reddit users.

- This didn't just boost specific stocks' valuations: It also **raised the value of Reddit** itself by adding more users and, in turn, more ad revenue.
- Retail investors flocked to Reddit forums like **r/Cryptocurrency** and **r/WallStreetBets** to inform their investing strategies. At the time of writing, the latter forum had over **10.7 million** members, up from around **4 million** at the start of the year.

More on this: Reddit has long lagged behind its social media peers like **Twitter** and **Facebook** in generating revenue from users. But its value jumped as its advertising revenue reached **\$100 million** for the first time in Q2, a **192%** rise year over year, per The Financial Times.

The bigger picture: But retail traders don't tell the whole story of Reddit's blockbuster year.

- Reddit has benefited from **appreciable earned media** as a result of the stock stories earlier in the year, which helped spread brand awareness of the platform beyond the day-trader community.
- In the US, among all major social networks, Reddit's 2021 percentage of growth lagged only behind TikTok.
- The company's **relative age makes this growth all the more impressive:** It was founded in June 2005, whereas TikTok launched internationally in 2017.

What's next?

- **International expansion.** "Internationalization is a big effort of ours," CEO Steve Huffman told CNBC. The company is appointing David Trencher, from Reddit's US operations, the head of sales for UK, EMEA, and Australia with plans to grow the UK office's headcount by 50% this year. Maria Purcell, **Facebook's** former head of commercial partnerships for EMEA, will join him as head of growth partnerships.
- **Approximately 77.5% of the UK population are daily Reddit users**, making it a "priority market" for Reddit, according to its global executive vice president and president of advertising, Harold Klaje.
- **Video.** "Video will be another big effort of ours," Huffman told CNBC in the same interview. "I think there's a version of Reddit that's even better watched than it is read." These comments suggest that **the platform is looking to move beyond its origins** as a text and link-sharing hub.

- In the past week, the company began **experimenting with a video feed reminiscent of TikTok**, which consists of content pulled from subreddits a user follows, as well as some that the user does not. As of now it's an iOS-only feature, but it seems likely that it will move to Android and desktop interfaces in the near future.

US Social Network User Growth, by Platform, 2020 & 2021

% change

| | 2020 | 2021 |
|-------------|-------|-------|
| TikTok | 87.1% | 18.3% |
| Reddit* | 25.9% | 14.4% |
| Pinterest | 7.8% | 3.1% |
| LinkedIn** | 6.2% | 4.2% |
| Instagram | 6.2% | 3.7% |
| Snapchat*** | 4.0% | 2.6% |
| Twitter | 4.0% | 0.2% |
| Facebook | 3.3% | 0.8% |

*Note: internet users of any age who access their account via any device at least once per month; *logged-in users; **internet users 18+ who access their LinkedIn account via any device at least once per month; ***mobile phone users of any age who access their Snapchat account via mobile phone app at least once per month*
 Source: eMarketer, April 2021

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