

Reddit to Cross \$100 Million in Ad Revenues in 2019

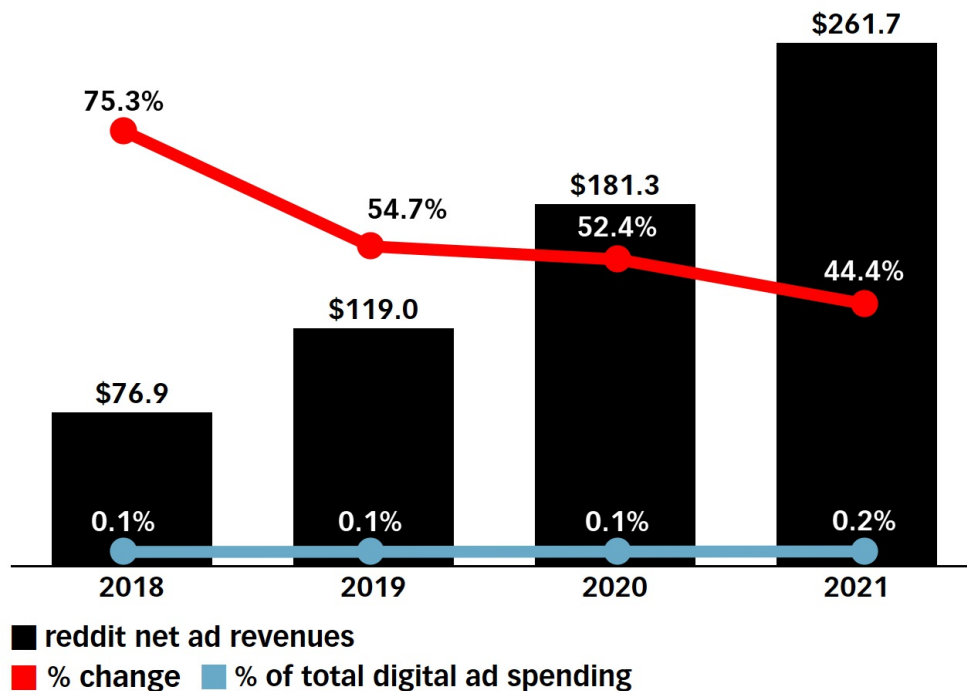
Some advertisers still cautious

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eMarketer Editors

Following a cleanup of its platform and revamped ad model, online social blog reddit is on pace to more than double its ad revenues by 2021. Reddit's ad business will grow nearly 55%, crossing the \$100 million mark this year, according to eMarketer's latest US ad forecast.

Reddit Net Ad Revenues in the US, 2018-2021
millions, % change and % of total digital ad spending



*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; excludes nonadvertising revenues (e.g., Reddit Premium, Reddit Coins)
 Source: eMarketer, February 2019*

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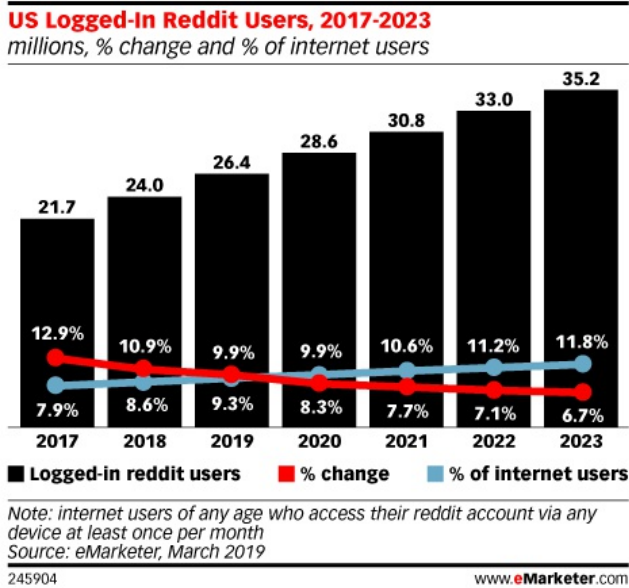
This year, reddit will reach \$119.0 million in net US ad revenues, giving it a 0.1% share of the US digital ad market. By 2021, its revenues will more than double to \$261.7 million, bumping its share to 0.2%.

“The company has retooled its ad offerings over the past year, which included the launch of new ad formats like autoplay in-stream video, cost-per-click, app install and ‘Top Post Takeover,’ which allows brands to have their ads appear on the site’s front page,” said eMarketer forecasting director Monica Peart. “Like most of the companies for which eMarketer produces estimates, advertising is not reddit’s only source of revenue.”

Because of the much later launch of its mobile app, more of reddit’s revenues come from desktops and laptops compared with other

popular websites. This year, mobile will account for 57.0% of its revenues (\$67.8 million). But some advertisers are still on the sidelines, despite double-digit revenue growth.

“As a mix of forum and trending news site with a bit of social network, reddit has operated on an ‘open internet’ ethos,” Peart said. “While that has yielded organic growth among a hard-to-reach audience, it has also meant a reality where controversial content is the norm. And in a news climate where missteps can tarnish results, that makes some digital advertisers nervous.”



Reddit’s user growth will slow to single digits starting this year. In the US, 26.4 million people use reddit at least once a month. eMarketer only considers someone a user if they have a reddit account and log in at least monthly. The site’s usefulness is not limited to users that have logged into the platform, as any visitor can read up on latest news, watch videos and discover subreddits; upvoting, downvoting, commenting and posting are limited to account holders. When factoring in logged-out users, reddit’s reach can be up to three times larger vs. logged-in users each month. This is important as all site visitors can see ads.

“Reddit’s users are tech-savvy and highly engaged, making them attractive to advertisers,” Peart said. “A large portion are unique users, meaning they don’t use other social platforms. That means advertisers

have the potential to reach new audiences in a highly targeted way.”