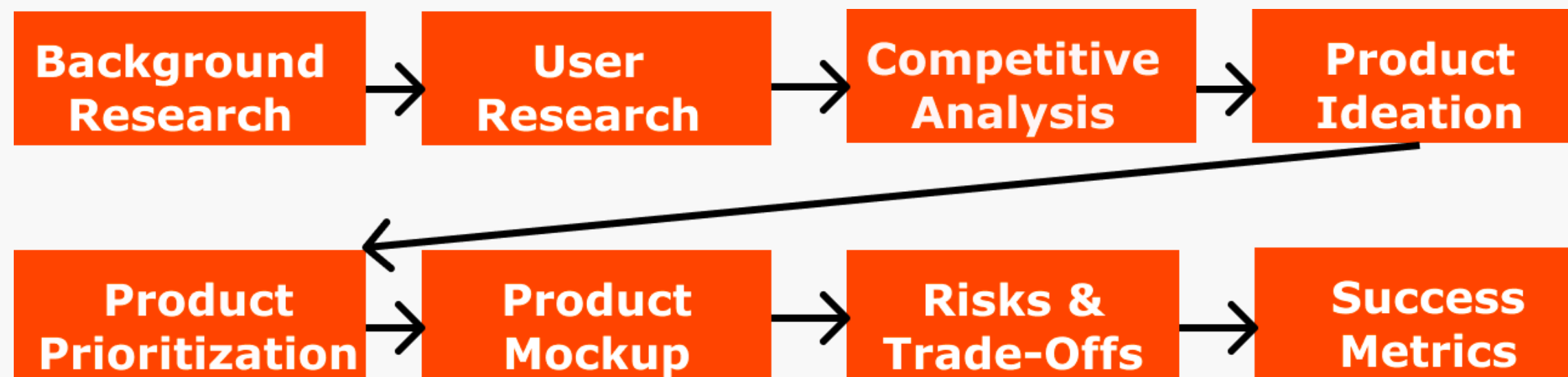# Reddit Ads: Product Proposal

Hi! I'm Shashank Venkat and I'll be applying for the Ads Monetization Product Intern position on the Ads Marketplace Team. I've created this presentation to comprehensively discuss a few product ideas improving the activation rate of businesses who've signed up for Reddit advertising accounts.

Background Research

The first action to take after reading this prompt is researching the current Reddit Ads market. This process was started by looking at YoY ad revenue trends for the past five years and noting down the major success Reddit has had in the last two years. Then, it would be highly useful to read up on recent feature releases and partnerships that may have attributed to this growth. Among many updates, there was the addition of inventory types to provide more options for advertisers, the partnership with Omicron media, the introduction of KarmaLab to assist companies in creating customer-centric ads, the launching of "Conversation Placement" as an ad location option, and most recently, the Discovery feature for users to explore new interests. In most company cases, when crafting a product proposal, now would be a good time to exhaustively test the platform itself to understand its differentiating factor. However, if one is a regular user of the product, this experience is not necessary. In Reddit's case, their uniqueness is defined by its niche, obsessive communities. However, this is a benefit and a liability: on one hand, businesses can easily target advertisements as long as they are posted in specific subreddits related to their ideal user demographic; on the other hand, Reddit users are strong-minded and will not hesitate to criticize any product's advertisement. When working through this proposal, it's important to keep in mind that businesses would need to be aware of both sides in order to become successful activated Reddit Ads customers.

Process

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Background Research → User Research → Competitive Analysis → Product Ideation
                                                                    ↓
Product Prioritization → Product Mockup → Risks & Trade-Offs → Success Metrics
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User Inputs

HubSpot	Ladder.io	r/redditads
- Utilized Reddit Ads to find niche subreddits well-suited to their target user demographic - Required a large amount of research to identify target subreddits - Used a third-party resource called RedditList to search for communities of the highest value - Found it valuable to first create brand awareness through regular engagement with the content in their target subreddits - Show the community that they "weren't just self-promoting" - Helps establish rep with knowledgeable Reddit users - Had to halt advertisements because they weren't able to find and target subreddits with enough engagement volume	- Conducted two experiments (spent 50$ and 250$) to see the potential value Reddit could bring to their platform - Struggled with receiving any leads through both experiments - Received much more user engagement when posting their ads as organic content versus as Reddit Ads - Struggled with finding niche subreddits as the Reddit subreddit collections had a lack of variety - Resorted to manually finding target subreddits - Cumbersome payment process - Needed to set up each ad, then set up payment specifics, and then run an ad - Ran into issues with getting multiple ads through the payment system - Felt that Reddit was against advertisers running multiple ads	- Explored r/RedditAds to see discussions from smaller companies on their experiences with Reddit Ads - Searched for the highest engaged post of all time and found it had 25+ comments just pushing for Reddit to allow targeting with smaller subreddits - One user, u/BrainPlasticity, states "we don't need more impressions, we just want effective/precise/relevant impressions" - Users also complained that being unable to target audiences diminished Reddit Ads' value prop - Held especially true for start-ups that wanted to show ads to specific audiences and not general subreddits

Competitive Research

Quora

Why Compare Twitter & Quora?

Twitter was chosen because it's similar to Reddit in how it collects news through the form of posts and has highly informational discussions within its comment threads. Additionally, Twitter has seen much larger YoY ad revenue than Reddit and could be incorporating tactics that may help our activation rate.

Quora was chosen as it follows Reddit's mission of allowing the user to be themself, and highly focuses on community engagement. To the right is a comparison of Quora, Twitter, and Reddit advertisement features. This info is vital in identifying any areas that could increase the number of businesses creating their first ad campaign.

Note: This is not an exhaustive comparison but rather the features that were the most applicable to Reddit.

Differences	Similarities

Quora
• Bidding based on the business's chosen metric
  ○ (e.g. brand awareness, installs, conversion
• Auction Insights Tool
  ○ Gives impressions data to see how competitive your ads are in the auction itself
Twitter
• Trend Takeover
  ○ Twitter puts your ad alongside what is trending
  ○ Gives a high-impact 24-hour takeover of the explore page AND top trends list
• Hashtag Targeting
  ○ Unlike Reddit and Quora, Twitter Ads focus more on targeting through hashtags related to business' ideal user demographic
	Quora & Twitter
	• Lookalike Audience
	  ○ Twitter and Quora allow businesses to target their ads to users who have interacted with the business's profile in the past
	  ○ Quora also allows businesses to re-target audiences they may have had in previous campaigns
	• Behavioral Targeting
	  ○ Reddit allows targeting by subreddits and interests BUT Quora and Twitter offer keyword and contextual targeting
	  ○ Quora also offers suggestions based on already selected contexts or topics
	Reddit & Twitter
	• In-house Creative Agency
	• Carousel Ads
	Reddit, Quora, Twitter
	• Organic Ads

Metrics

After completing user research and competitive analysis, it was time to identify several vital metrics in this business scenario. This data would have been crucial in confirming any possible assumptions. The metrics are listed below with descriptions of why they would've been useful:

- **Product Adaption Rate (PAR)**
  - This is the North Star metric for this proposal as it would be defined as the % of users who had signed up but not yet activated
  - This metric would have been segmented into company sizes to understand what user segments were struggling the most to create their first ad campaigns. The buckets would have been specified by company size: organized as start-ups, mid-size, or large companies.

- **Creating Ad Campaign Funnel (User Churn at Each Button)**
  - This metric is useful in seeing the user churn at each stage of the creating ad campaign process
  - This would especially provide insight into where users were getting stalled in the ad campaign process (finding communities, payments, creating the actual advertisement, etc.)
  - This metric also would've been segmented into the different company-size buckets mentioned earlier in order to see if certain sized companies didn't like the way Reddit's ad targeting or payments were offered (based on research in previous slides)

- **Time Spent & Number of Sessions Spent Creating First Ad Campaign**
  - This would be a useful metric to keep in mind after launching product ideas. The metric would be compared pre and post-launch to assess the performance of the product ideas.
  - This would have been another useful metric to segment into the different company size buckets to see if start-ups were getting slowed down by our ad campaign creation process

- **Average Time For First User to Reach Business's Objective After Ad Release**
  - This metric would have given insight into whether businesses are opposed to activating accounts because their objectives were taking too long to be reached. An objective would be chosen by the business but some examples are brand awareness, mobile installs, website clicks, etc.

Hypothesis

After completing a thorough analysis of the business scenario through background research, customer inputs, competitive research, and identifying useful metrics, there were several features ideated with one showing high potential for improving Reddit Ad's activation rate. Below is a formal hypothesis of the proposed product, the problem it will solve, and a few actions to be taken to validate the hypothesis:

Reddit can improve its activation rate by developing a dashboard tool that takes in business-specific context, keywords, interests, and user demographic details to display a list of personalized subreddits that can be sorted on the basis of user engagement and relevance to the inputted features. To validate this hypothesis one can:
- **Describe the other potential product ideas and explain why the proposed feature received the highest priority**
- **Conduct user interviews and surveys to gather feedback from the users**
- **Compare our PAR pre-implementation and post-implementation of the feature**

Next Steps

In the next few slides, there will be descriptions of the other deliberated product ideas, and prioritization frameworks to illustrate why the dashboard tool has the highest potential for improving Reddit Ad's activation rate. Additionally, there will be a discussion of risks and trade-offs for this feature and the other potential ideas. This proposal will conclude by explaining the success metrics for the feature and a reflection of what could have been done differently throughout the process.

Product Ideas

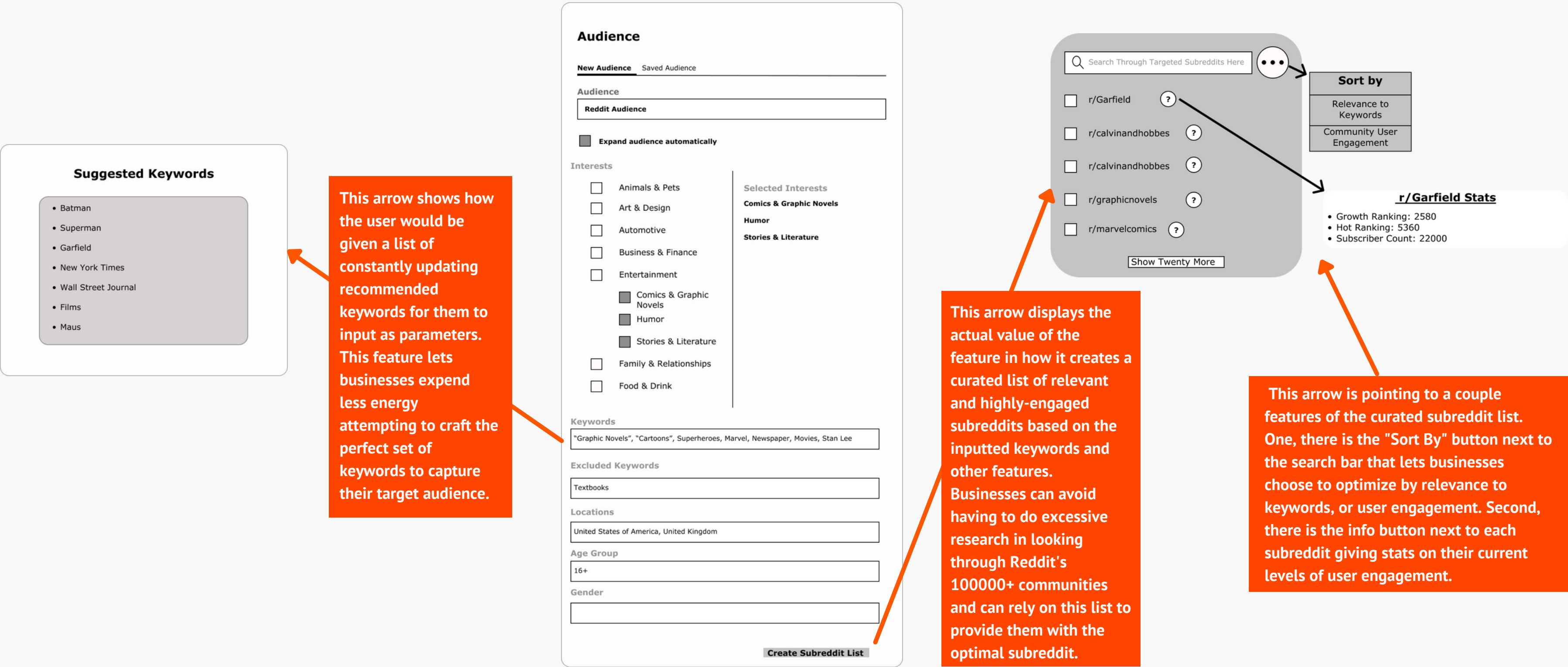| Feature	Description	Type of Impact

• **Reddit Discover Page Ads**	• Reddit can place ads as organic content within the Discover Page
	• Ads don't need to be associated with a specific subreddit but will be directly related to the user's activity
		• **Behavioral Targeting**
		  ○ Allows advertisers more opportunities to reach ideal users with their image and video content
		  ○ Ads will be based on previous user activity, so businesses can hone in targeted communities

• **Combined Payment Method**	• Users can set up payment specifics for each ad and then move each to a virtual "Ad Cart"
	• Users can then buy multiple ad campaigns through one transaction
		• **Ad Payments**
		  ○ Businesses don't need to do multiple rounds of payments just to send out >1 ad campaign
		  ○ Quicker to release multiple ad campaigns

• **Dashboard Tool w/ Personalized Subreddit List**	• Businesses can put in specific interests, keywords, phrases, and user demographic features (age, gender, location) to receive a list of subreddits tailored to their target audience
	• The list can be sorted by relevance to the context or user engagement
		• **Contextual Targeting**
		  ○ Directly improves pain point of finding specific subreddits to match up with company interests
		  ○ Companies can be confident in receiving Reddit's value prop of niche, knowledgeable communities through selecting specific subreddits from the list

• **Lookalike Audience**	• Reddit Ads creates an audience based on an existing audience in the business's dashboard or from existing user engagement (email lists, website engagement etc.)	• **Audience Targeting** ○ Makes it easier to reach high potential and high-value users as the algorithm will form the lookalike audiences based on existing sticky users

Product Prioritization – Using an ICE Table (1-10)

Products	Impact (How much will it help the PAR?)	Confidence (How confident are you on it having that impact?)	Ease (How easy is the product implementation?)
Discover Page Ads (7.33)	**5 –** Discover page ads WILL highly improve user engagement with business's content, BUT does not directly improve the PAR on the basis of my user research	**9 -** Similar offering is already done by the Instagram explore page, whose ad revenue was $24 billion in 2020	**8** - Relatively easily implemented by creating and placing Ad bubbles in place of the normal Discover page ones
Combined Payment Method (6.33)	**7 –** This will definitely have an impact on the PAR as it was specifically mentioned by Ladder as a pain point	**6 –** Lower confidence b/c I don't have access to churn metrics regarding payments. That metric would be a key indicator as to the magnitude of impact	**6 –** Moderate difficulty in creating new objects to store business's created ads at all times within virtual carts
Dashboard Tool w/ Personalized Subreddit List (7.66)	**10 –** Directly solves the pain point of businesses struggling to find niche subreddits and having to spend time manually searching for communities.	**9 –** Feature that directly satisfies a need that Ladder, HubSpot, and r/redditads spoke heavily about	**4 –** Implementation would involve building new frontend tool for businesses to input targeted keywords, phrases, interests, and user demographics. Needs data pipeline to use inputted data in identifying optimal subreddits based on relevance and engagement
Lookalike Audience (6.33)	**7 –** Impacts the PAR, but was not a heavily requested feature by the user research	**8 –** Has already been implemented by Google, Meta, and Twitter whom all have extremely high ad revenues.	**4 –** Implementation would also be very involved like the dashboard tool with the creation of a full data pipeline using existing user data to isolate other users that fit the same demographic.

Product Mockups of Dashboard Tool

From the product prioritization, the dashboard tool was isolated as the best product to implement in order to increase activation rates. Below are low-fidelity wireframes of this proposed feature created on Figma. The current Reddit ad campaign user journey was followed as close as possible, in order to ensure that businesses can seamlessly integrate this helpful feature into their experience.

Suggested Keywords

- Batman
- Superman
- Garfield
- New York Times
- Wall Street Journal
- Films
- Maus

This arrow shows how the user would be given a list of constantly updating recommended keywords for them to input as parameters. This feature lets businesses expend less energy attempting to craft the perfect set of keywords to capture their target audience.

Audience

New Audience   Saved Audience

Audience

Reddit Audience

☐ **Expand audience automatically**

Interests

- ☐ Animals & Pets
- ☐ Art & Design
- ☐ Automotive
- ☐ Business & Finance
- ☐ Entertainment
  - ☐ Comics & Graphic Novels
  - ☐ Humor
  - ☐ Stories & Literature
- ☐ Family & Relationships
- ☐ Food & Drink

Selected Interests

Comics & Graphic Novels

Humor

Stories & Literature

Keywords

"Graphic Novels", "Cartoons", Superheroes, Marvel, Newspaper, Movies, Stan Lee

Excluded Keywords

Textbooks

Locations

United States of America, United Kingdom

Age Group

16+

Gender

Create Subreddit List

This arrow displays the actual value of the feature in how it creates a curated list of relevant and highly-engaged subreddits based on the inputted keywords and other features. Businesses can avoid having to do excessive research in looking through Reddit's 100000+ communities and can rely on this list to provide them with the optimal subreddit.

🔍 Search Through Targeted Subreddits Here ⋯

- ☐ r/Garfield ?
- ☐ r/calvinandhobbes ?
- ☐ r/calvinandhobbes ?
- ☐ r/graphicnovels ?
- ☐ r/marvelcomics ?

Show Twenty More

Sort by

Relevance to Keywords

Community User Engagement

r/Garfield Stats

- Growth Ranking: 2580
- Hot Ranking: 5360
- Subscriber Count: 22000

This arrow is pointing to a couple features of the curated subreddit list. One, there is the "Sort By" button next to the search bar that lets businesses choose to optimize by relevance to keywords, or user engagement. Second, there is the info button next to each subreddit giving stats on their current levels of user engagement.

Risks & Trade-Offs

Feature	Risks	Trade-Offs
Discover Page Ads	• Users find Discover page ads too invasive ○ Users would avoid trying out Discover page upon release	• Discover page ads take subreddit recommendation slots ○ Users get less subreddit recommendations
Combined Payment Method	• Users could keep their created ads in the virtual cart without actually paying for and releasing them	• Payment transactions will now contain multiple advertisements ○ May cause some confusion if any payment transaction issue occurs
Dashboard Tool	• Constant updating of the recommended keywords associated with subreddits due to constant trend changing	• Feature may succeed in finding niche subreddits, but not ones with a high enough engagement • Sorting by user engagement should help with this issue
Lookalike Audience	• Reddit could be put under fire for storing previous data on user demographic and actions just for revenue	• Reddit would be compromising on its mission, and its user's trust in the platform ○ There would be less focus on the goal of decentralizing information

Success Metrics

- Product Adoption Rate
  - As mentioned before, this is the North Star Metric in measuring activation rates
- Difference in Avg. Time Spent in Creating 1st Campaign
  - This metric shows the change in how long it takes for a business to create its first ad campaign pre-implementation and post-implementation
- Difference in # of Sessions Spent Creating 1st Campaign
  - This metric brings the same value as the one mentioned above.

Reflection

After completing this proposal, there were three things that I strongly felt that I could have done differently. One, I would have liked to spent some time talking to real businesses who have struggled with getting started on Reddit Ads. This would have given me a chance to really dig deep into the most recent problems faced by businesses. Second, having an actual analytics dashboard would have been extremely useful in correcting my assumptions. There were many metrics that I found pertinent, but wasn't able to pursue in a data-driven approach. Finally, I wish I had spent more time with my competitive analysis. Although Twitter and Quora are close competitors and have successful ad campaigns, there are many other features from other companies that I wished I had explored and detailed. Although I may have been constricted by time and resources, this was an excellent project in delving deep into what the Reddit Ads Monetization team works on and I've learned a lot!