

The Guide to Unbundling Reddit

Greg Isenberg

5-7 minutes

Every few years a great unbundling occurs

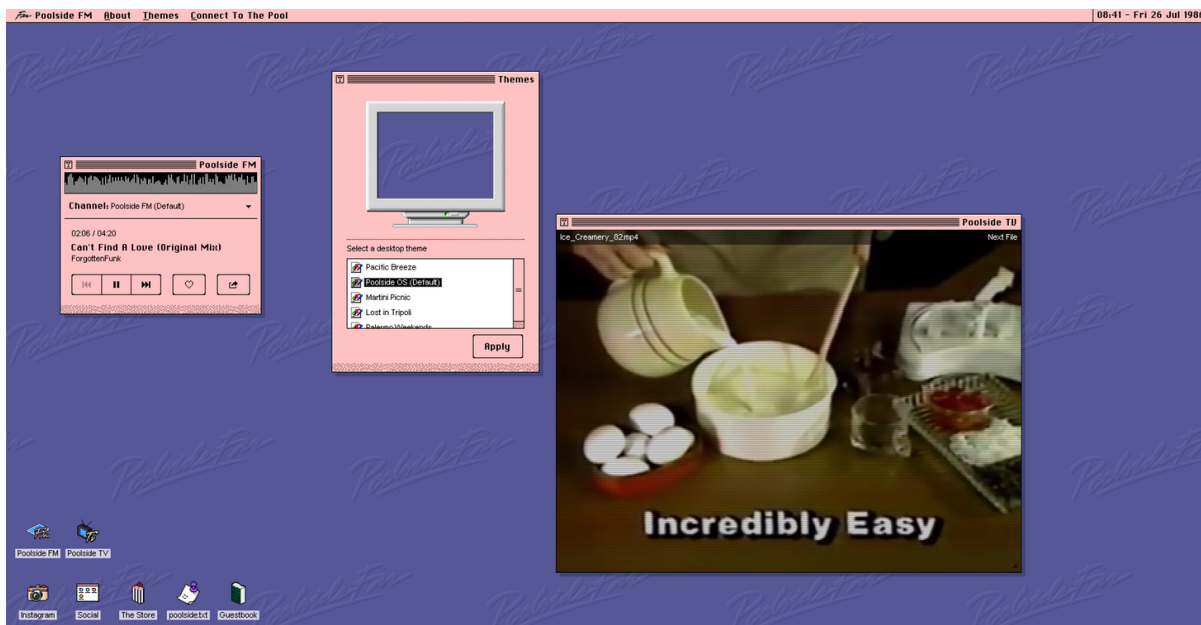
In 2010, Andrew Parker wrote a defining [post](#) about the "unbundling" of Craigslist where he outlined the opportunity to carve out niche products from broad horizontal networks like Craigslist. The broad networks are everything to everyone, the niche ones are something special to a certain group. If you add up the value creation of the vertical companies (ie: Airbnb, Zillow, Stubhub, Etsy etc) it is greater than the sum of its parts (i.e: Craigslist). It turns out going vertical, is pretty profitable.



The destiny of every massive social network or marketplace is unbundling. It's a not a matter of if but when. There is startup "unicorn status" (reaching \$1B+ valuation) and there is startup "unbundling status". Unbundling status looks undesirable on the surface but it means you're doing lots right. It is one of the rarest clubs around.

What is a vertical network?

It's a social network or marketplace for a particular audience, usually giving customers/users that warm and fuzzy feeling that the product is for them. Sometimes it starts out as a utility and blossoms into a social network or marketplace. Vertical networks could be anything such as games (ie: Roblox) or photo-sharing apps (ie: Snapchat).



Example: [Poolside.FM](https://www.poolside.fm) looks like a Mac from the 1990s but is a popular internet FM radio station/social network targeting a unique audience

The Great Unbundling of Reddit




reddit

Reddit is being unbundled as we speak. It's largely due to three reasons:

1. Major social platforms today are noisy. People have found refuge in groups (iMessage, Fortnite worlds and group chats). If Facebook is Walmart, tools and communities like Discord (ie:gamers) or [Public.com](https://www.public.com)* (ie: casual stock traders) are boutique stores
2. There is too much surface area for Reddit to possibly cover within constraints of subreddits. This creates opportunities for startups to swoop in, create brands and products that really resonate with people
3. COVID created an unsafe physical world yet people still want to explore their interests. The need has only grown but the ability to physically experience your interests have become more difficult. The internet provides the safest alternative to be with your people and buy products that earn status, reputation and major utility

These reasons compound together to generate terrific thirst for vertical network products worldwide. In 2020, people are particularly willing to try your product, download your app and join your waitlist. Press is particularly willing to write about you. It reminds me of the same hunger that existed for mobile apps back when the App Store launched in 2008. These moments are few and far between.

Some examples of subreddits and their startup vertical communities


 reddit

Guide to Unbundling Reddit

↑

97.5k

↓




r/medicine

Posted by u/WithLateCheckout 2 hours ago

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doximity - Community for medical professionals. Over a million U.S. healthcare professionals as verified members.

doximity.com



3.7k Comments

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r/beauty

Posted by u/WithLateCheckout 4 hours ago

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[apps.apple.com > app > supergreat-skincare-makeup](https://apps.apple.com/app/supergreat-skincare-makeup)



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r/sports

Posted by u/WithLateCheckout 7 hours ago

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r/streamers

Posted by u/WithLateCheckout 11 hours ago

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Pipeline.gg



3.6k Comments

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r/*insert-city*

Posted by u/WithLateCheckout 13 hours ago

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r/books

Posted by u/WithLateCheckout 18 hours ago

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Goodreads – Be a part of the world's largest community of book lovers

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r/medicine → Doximity (1m+ medical professionals on it)

r/Beauty -> Supergreat app (backed by Benchmark)

r/sports → StadiumLive (spaces for gen-z sports fans)

r/Streamers → [Pipeline.gg](https://www.pipeline.gg/) (top esports streamers community by top esports player Snooep). Note: I think many influencers will launch their own vertical networks and be successful

r/insert city → Nextdoor (unicorn company)

r/books → Goodreads

and thousands more....

How to find an audience and build the right product

1. Find opportunities. Understand what subreddits are trending and what are popular subreddits at [RedditList.com](https://redditlist.com/) (directory of top subreddits)
2. Understand the lay of the land. Map out popular utilities, marketplaces and social networks for the audience that speaks to you the most. Ask yourself what's the average week look like in the average r/LoL, r/bitcoin or r/explainlikeimfive subreddit users. Map out that user journey in-depth. Be confident that there is community/founder fit
3. Create a brand people will fall in love with. Branding makes or break vertical network products
4. Build a waitlist and seed it with the community. Use that waitlist time to learn even more about the needs and wants of the community. Friendship build with microinfluencers/influencers in the vertical

Example opportunity:

r/gifrecipes → 2.2m members who consume and share recipes in GIFs in a vertical (cooking)

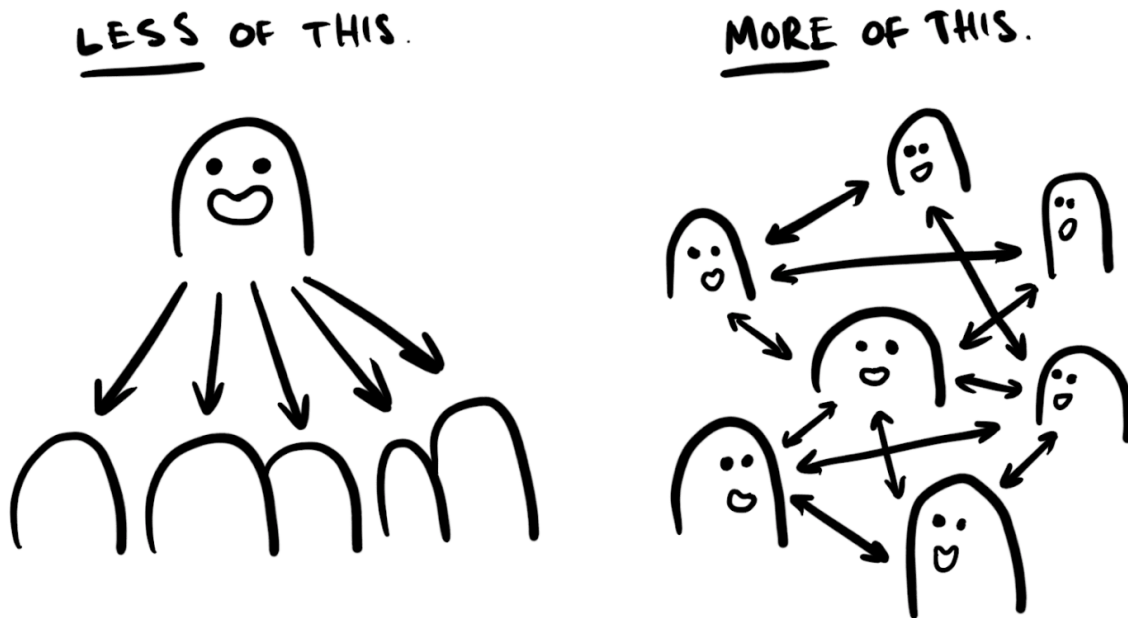
Case study: Discord



Discord is "Slack for Gaming" with a valuation ~\$4b. Its humble beginnings are rooted in the the process I described above.

1. League of Legends is trending around 2015 and gets huge adoption
2. r/LoL turns into the key big hub for the community
3. The tool many League of Legends players use to communicate in-game and out-of-game is Teamspeak and feels out of date
4. 2015 Discord team swoops in and creates a modern tool for that vertical that looks and feels great
5. Discord spreads from just the LoL community to other gaming subreddits as the defacto esports tool
6. by 2020, Discord counts 250 million registered users

The future is bright



I'm excited to see what sort of new behaviors will emerge from this next-generation of networks.

"There's only two ways to make money in business: One is to bundle; the other is unbundle." - Jim Barksdale

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Best,

Greg Isenberg

[Public.com](#)* - Disclaimer: I'm a proud advisor

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