

[Transcript] My First Million / #87 with Greg Eisenberg - The Millions to be Made Unbundling Reddit

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers.

And each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find Another Bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

All right.

All right.

Play the intro music.

We are back.

We have Greg Eisenberg on.

We're going to make this a two-part episode because we went a little long.

So watch out for this back-to-back with Greg.

Greg's been on the podcast before.

He's a friend of the house.

He's got great ideas.

Today he texted me.

He said, hey, I got to come back on.

I got a bunch of ideas about building startups off the back of Reddit.

And so that's what we talk about amongst other things.

So this is part one.

Enjoy.

Cool.

What up?

We're here.

Sam and Greg Eisenberg back.

Back as a guest on the podcast.

Welcome back, Greg.

Thanks.

What's up?

And Sam said he had a juicy question to ask you.

Well, we were just talking about stumble upon.

Greg, I don't know.

If you can't talk about something, just say you can't talk about it.

Who owns stumble upon?

Greg used to work for or owned, or what did you do with stumble upon?

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The startup got bought by stumble upon.

Yeah, exactly.

We started a company which was kind of like stumble upon for video and they bought us.

We were their first acquisition and the only acquisition.

And then what ended up happening is stumble upon got bought by Garrett Camp and Expa, which is his product studio.

And so what's it do now?

Yeah.

So he's relaunching stumble upon as a product called mix.com, which is supposed to be like stumble upon, but more modern.

Okay.

Cool.

Well, we should start because there's a bunch of ideas to go.

But before we do, Greg, we're trying to rename the podcast.

And it used to be called or it is called still my first million, which was because I was, I started off just interviewing people like, Hey, how'd you make a million bucks?

How'd you make your first million?

And then they would tell their story like, I made it by being a poker player.

I made it by selling my company to stumble upon whatever.

And now it's changed into this kind of brainstorm idea session kind of weird thing.

And so we want to rename it.

And so we just put out a little poll.

I don't know if you like any of these names.

All right.

So one is kind of what we refer to it now as million dollar brainstorm kind of close to what we have.

Not that exciting as a rebrand.

Another one we had was idea hollocks, but nobody voted for that.

So that's losing right now.

There's the brainstormers.

So a couple of people have voted for that in our podcast group.

Do you have a genius name for us?

And also, do you remember your hilarious naming, naming advice that you used to have regarding a certain Spanish word?

It's scary that I don't remember that.

Okay.

So I remember somebody was trying to come up with their domain name and you were like, Oh, I got you.

What's your business?

And he's like, you know, insurance.

You're like, insurance Bueno, you were just putting Bueno at the end of every name.

And you're like, Oh, hotel Bueno, haircut Bueno, like the domains are all available.

It sounds pretty good.

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I do have a list of probably 350 names.

And I do come up with like, like a bunch of words and I'll just add it like space this or, you know, street that or avenue this, and I just kind of play around with it.

Yeah.

Yeah.

Exactly.

I mean, I know, let's just do Bueno, let's just add Bueno to stuff.

I love that idea.

So first of all, I don't really love any of the names to be honest.

Thank you for the honesty.

One of them kind of reminds what's the first one again, go through it and I'll tell you why I don't like them.

A million dollar brainstorm.

It's too much of like, I mean, we're trying to 10x the name here, you know, so it's too much of that's a 1% Yeah.

The next one was the brainstormers.

You stand out like you sound like startup myth busters and I'm not into it.

Then there's idea hollocks.

I mean, I think we're more than just idea hollocks and you know, I'd like to give us a little more credit.

Okay.

So those are the three.

Those are the three we have right now.

Well, come on, Greg, break something to the table that I mean, I got, I got a lot here.

I just got a lot of names.

I can go with that.

I mean, you have like the suffix and prefixes basically that you remix names with.

Okay.

After party, broken suit, Prince Preston, you can make Prince this, King this, anything LTD, days of anything, fresh laundry, anything weekend, make the leave visiting day, Saint anything, cottage industries, dear anything, cottage industry, cottage industry, I think is, you know, let's say you, you know, built an F1 formula track, you know, formula one track in your, in your city, like what are all the other industries that are going to support.

All right.

I just wanted to know also.

So I thought it just meant niche, like kind of like a sub niche or whatever.

But when I Googled it, it said a business or manufacturing activity carried on in a person's home, which I think is like a specific version of that.

But Greg's right.

It is about the things that pop up around like Airbnb wins that becomes a cottage industry of like cleaning your Airbnb, helping you decide your price on your Airbnb.

That's the cottage industry.

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Oh, I like that.

Yeah.

That's a good one.

Cool.

All right.

Well, we can skip the naming for now, but I might need that list to riff off of.

Okay.

So you, you said you had some ideas.

You said you came knocking back on the door of the brainstormers, I don't know some name.

You came knocking on our door and you said, I got some ideas that I got to get off my chest.

Yeah.

I can't sleep at night.

I got to get back on the pod.

What are the ideas?

Well, you know, I don't know if you saw that I started a sub stack and I wrote about the unbundling of Reddit.

Yeah.

I just did a big like course, like a lecture series and I talked all about that topic.

So you want to explain what that is?

Yeah.

Totally.

So, you know, there's this concept called unbundling, there's this concept called bundling. It's a famous thing.

I think in the nineties that Jim Barksdale, Mark Andreessen's partner, you know, founder, co-founder of Netscape basically said there's only two ways to make money.

You can either bundle or unbundle.

And this, you know, there's, I think a post by Andrew Parker from, he was at Spark Capital 2012.

Maybe he wrote this post about the unbundling of Craigslist and, you know, how like if you look at Craigslist and you can unbundle like reservations for houses and sublets, that's Airbnb, you know, there's, you know, ticket sales at StubHub.

And the aggregate of the market caps of all these unbundlings is actually way greater than the market cap for Craigslist itself.

And you can unbundle Craigslist, eBay, Zillow now, newspapers, anything that's large, cable companies.

Yep.

Yeah.

Exactly.

My belief is that like there's unicorn status and then there's unbundling status.

Anything big enough is going to get unbundled.

So Reddit obviously has a bunch of vertical communities that are all aggregated together in one platform.

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So what you're saying is that you think some of these communities could be off on their own. So for example, there's like a writing prompt one, and that could be like a Wattpad or something like that.

Is that what you're thinking about?

Yeah.

So obviously Reddit and Facebook groups have gotten extremely big as of recently. Facebook groups had a billion monthly active users and Reddit is completely surging in traffic right now.

My belief is that since, you know, 2016-ish, Discord was the first example of the unbundling of Reddit.

Then Discord was built on top of Reddit.

It started in the League of Legends subreddit.

It was a product for that community.

Then they went to CSGO, then they went to Dota.

They just basically looked at what they needed.

They spread themselves on top of that network.

They recruited mods from that network and kind of went horizontally.

Have you guys seen redditlist.com?

Yeah, I'm a big fan of that.

It tells you which are the fastest growing subreddits.

Exactly.

So I'm going to pull it up right now.

While you're pulling that up, here's a few examples of businesses that have been launched on top of Reddit through unbundling them.

So there was Grailed.

Do you know Grailed?

I bet you do.

You look fashionable.

Yes.

So Grailed is a men's streetwear marketplace that was launched on top of, what was it, nail fashion marketplace maybe, Imager was launched on Reddit?

Yeah.

I think that's just been like this low key thing that no one's really been talking about.

And now, you know, in this COVID land, you know, I think there's so much opportunity to bring people together.

And people are looking for support communities, either to earn, learn, or get paid or get laid, whatever you want to, however you want to put it.

And I don't know why more people aren't just like going on top of Reddit lists.

And so that's what I've been doing, basically, is basically go in with my team and scraping Reddit lists and speaking to literally people on the subreddit.

So like just pulling it up like in the last 24 hours, what are the biggest growth subreddits?

So you have like, you know, Ninja Lod the game.

No idea what that is, but there's probably an opportunity there.

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Many friends, promos, huge growth, bender boys, you know, watch Reddit die, K-pop thoughts, avatar memes, SPACs, right, special, what does that sound for, special purpose?

Special purpose action company.

That's it.

Right.

So you get this amazing sense as to like what's trending.

My thesis on all of this is Reddit, Facebook groups, they're at this size where people are looking for these like bespoke experiences for these subreddits.

Are you describing building specialty communities or building products and services for this group?

Right.

So for example, Grilled is the products and services, hey, this is men's fashion, we can create a men's fashion brand, speak to this audience, launch on there.

They made it easier to do the behavior that Reddit.

So they were trying to do it in the comments and these guys said, hey, let's build a website that makes that easier.

Exactly.

And so Greg, are you describing that or the second thing that Sean was about to say, which was?

Yeah, just like, you know, creating a, oh, this community really likes K-pop art.

Cool.

I'll create a K-pop art brand as it's more e-commerce selling to that and advertising on that channel.

But it's less about taking that behavior you see and productizing it, which I think is really the bigger opportunity.

Yeah.

That's what I'm saying.

So I'm saying like, the Discord model is this, you go to Reddit, you see what's trending, you go and you have this community of thousands of people who are talking about a subject.

They need stuff.

They want to buy stuff.

There's a lot of energy that you can capitalize on.

And there's an opportunity to build software and that software could either be, you know, an e-commerce site, it could be a media site, it could be whatever.

It's not necessarily like you're trying to compete with Reddit.

You're not trying to compete with Facebook groups.

You might have like a community like layer on top of it, but that's not the point.

That's not the point of the unbundling of Reddit.

And that's the Discord model, right?

They looked at it.

They looked at like League of Legends.

People were using TeamSpeak and a few other products to communicate.

It was legacy.

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They knew that from speaking to people.

They knew that from looking on Reddit and they just, you know, like, if you think about what is the frame, like we can talk about it, but like, what is the framework for creating a product and service for a community?

Like it's a brand.

Number one, you have to have a brand that people resonate with, Discord.

Like look at, I mean, I don't know what you guys think, but it definitely like speaks.

I mean, Sean, obviously you have.

Yeah.

You guys are some of the best marketing in the game.

It's more like just like nerds, like geeks.

It's for gamers and gamers tend to like have kind of this like really specific cross section of interests, which will span into some movie stuff, some specific type of game or whatever.

But if you go like, we were in the same spaces them, so we would watch how they dripped out.

When they do an update, they don't just put the patch notes out there.

They would make these videos and the videos themselves were so entertaining that it didn't matter if you use the feature or not.

You know, your love for Discord went up because they knew how to speak to you because it felt like they came from the community and they felt in touch in a way that most of the other brands felt totally out of touch, like Skype.

Skype would never speak to gamers in the way that Discord did.

And so Discord just over time just sucked in every gamer who was trying to decide between a Skype or a TeamSpeak or Discord.

Can I give some small examples of what you're talking about, Greg, and you tell me what you think?

Yeah.

I am a massive Redditer.

I've got like 50,000 karma points.

It's like, it's my life.

I love Reddit.

I've even attended Reddit Meetup.

So I'm a big Redditer.

The subreddits that I noticed that are growing significantly since I've joined is a few things and they're all related.

And Sean and I were actually just talking about this, but mobility related things.

So body weight fitness is huge.

I think it has over a million subscribers.

And then scoliosis is another one and that's about posture and then good posture is another one.

And these are all related around this weird group of people who I'm part of that don't really care about big muscles, but like getting strong and fit for the sake of just having longevity.

It's like what the human body should be.

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Yeah.

What the human body should be.

So like wearing shoes like I'm wearing now that have like no heels on them.

So you like have good Achilles flexibility, just like things like that.

And there's a company, I don't know how you pronounce it, but it's spelled rom, wad, r-o-m-w-o-d, like a workout of the day for a cert crossfit.

I don't know what the rom means.

It's an app.

I bought it.

It's \$100.

And I did research.

These guys do close to a million dollars a month in revenue with only eight employees.

And it's a \$100 app and all it does is it teaches you to say like where you're tight, like your hips or your shoulder and it just has videos and you just do a 20 minute workout with it.

It's an app to build.

Big fan of that one.

The second one is, and clearly I'm on a fitness kick, is when I built my home garage, there's a whole subreddit called, I forget what it's called, is it called garage gym or gym garage.

And there's this guy named Cooper that goes, all right guys, I'll create a website and he created the wire cutter for garage gyms.

And it's crazy how fanatical these people are about this.

He probably makes a few million dollars a year just off affiliate fees.

And there's one for Phillips Hughes light bulbs where I see people creating services where they come to your house and they make your Phillips Hue light bulbs.

Like they have like, they set lightscapes for it.

So it's like, you want your living room to be Hawaii, we'll come set it up.

So it feels that way.

So the first thing is Reddit is an amazing source of content.

So every news person, like Sam, you guys do this at the hustle, all the viral news sites we're doing this, they hunt for viral content on Reddit because it's amazing at surfacing content.

It's clear below that, which is like kind of like the four Chan message boards, IRC, that's really where this stuff originates, but then it gets surfaced to Imgur, then it gets surfaced to Reddit, and then it gets taken mainstream.

So it's always been a farm for content.

We and everyone kind of knows that you can export Reddit ideas and you can just take it off Reddit and it can go viral on Buzzfeed and other places.

What you guys are saying is that's cool as a very, you know, that's cool if you're farming for likes, but let's say you're farming for dollars, you can look at some of these subreddits and there's not going to be like, to be clear, there's not going to be a thousand businesses like this probably that are going to start, but there's probably a hundred that are in the vein of what Sam was talking about, which are these kind of like niche kind of e-commerce

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well, I definitely think there'll be a thousand small ones, right?
But then there'll be a couple, a handful, maybe three or less that are the discord sized, you know, huge opportunities that you can see.
And so I think it's good to set the expectation that like, that's the case.
Now I'll give you an example of one that's interesting.
All right, I'm on Reddit list, I see GIF recipes, this might be a stupid one, but whatever, here's one that popped out.
So GIF recipes is a subreddit with 2.2 million members, it's kind of in the top hundred list and all it is is like kind of a cooking recipe that's delivered in the format of a GIF.
So it's really quick to watch and it's just super efficient way of getting the information onto the screen.
And so I could see, for example, a mobile app that's all about, you know, a foodie community or cooking at home community.
And this is the core format that they use instead of long text posts or long videos that you have to watch to try to get the content.
To that point, you know, one of the ways I look at some of these subreddits is like, what is GIF recipes actually telling us?
Well, it's kind of telling us that there's this, you know, the way people are searching for recipes right now might not be great.
You know, like going on Google and being like, I want to make a meatloaf and like getting this SEO based content.
I hate those sites.
They are such a pain in the ass.
And I bet you that like Rap Genius was founded on this idea that lyric song lyric sites make up like a significant chunk of the web.
I bet you the same could be said for recipes.
Yeah.
I guess you guys used to say I think one or 2% of all Google searches are for lyrics.
And that was like kind of the core insight why, hey, this is bigger than you think.
This opportunity.
And yeah, I would guess at recipes the same way.
And I also just have a theory that in general stories have been shown to be like the superior communication format.
Like there's a reason that Instagram stories, Snapchat stories, these have taken off and it's because it's a really quick way to get entertainment or information.
It's a great way to communicate from one human to another.
And I just think more things that are in long form text or long form video, you could just convert to story based formats and do really well.
So like Wikipedia today is all about an encyclopedia with long form text.
I wonder if you could create a modern day Wikipedia using stories as your way of explaining what something is or just as a silly example, but recipes would be another one.
And I think with recipes, would you say 2.2 million subscribers?
In that reddit.

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Yeah.

And like that, it's like, okay, 1% of 2.2 million is 22,000.

Can you get 22,000 people to pay you five bucks a month for better recipes?

And it's like, the answer is probably.

And that's why I actually disagree.

I think like there's, I disagree in terms of the amount of businesses that you can create.

I actually think that there's probably a thousand businesses that you could create on top of subreddits and using subreddits as your like idea source.

By the way, idea source, good idea for a podcast name.

You're correct.

That is a great idea.

Idea source, subreddit and a thousand businesses you can create that could do at least a million dollars a year.

And yeah, maybe a few of them could be your discords, but like, I don't know why more people aren't just like doing that and just being like, and that's what that's what I'm doing, but I don't know why more people aren't.

Yeah, I agree with you.

I actually, it doesn't matter, but I think it would be way more than a thousand.

I mean, there's so many things that you don't even know about, like, because it's not in your, you don't care.

But like, for example, my wife subscribes to like black hair care and r slash curly hair.

And like, these are things that like you would never even worry about right now.

I brought up curly girl hair as an idea 10, 20 episodes ago.

I think, yeah, you did, Sean.

You're right.

I remember we talked about this, but there's like things like that where you don't even realize like, I didn't even know, I didn't even know this was a prop.

Like I, you guys don't have just like, like shampoo that you know what I mean?

There's all these things.

So I, and, and, and examples of those businesses are billion dollar companies like that thing, drunk elephant or some bullshit like that.

What was that thing called?

You don't know what I'm talking about.

Drunk elephant?

Yeah.

I don't know if it's elephant, drunk hippo or there was something like a women's shampoo company that sold.

So, so I think, so, so Greg, what you're saying is first read it as an idea source of mining for, okay, what are, what are topics that people care about?

What are communities that are super active and super like kind of trading information, trying to communicate, trying to organize themselves to do stuff.

So that's one is like, you find markets basically.

And then what's your process right now for like finding products on top of those markets?

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Okay.

So you start with, you start with the market, basically the subreddit, right?

The other really, you know, you start with the idea source number one, then you go to your name source, which is like, you know, I'm just scrolling through.

It's like casual conversations saved you a click.

There's literally name gold in the subreddits.

Right.

And you know me like, you know, one of our projects is you probably, you probably need a haircut.com.

Like why did that, the name itself, we're pitching for reality TV show right now because it's so good.

And you know, a part of that care a lot about names.

Oh yeah.

I think names is one of the most underrated aspects of building internet product.

That's so funny.

I so disagree with you.

And that's good.

James Currier has a great post on this.

I don't know if you've ever read it, Greg, but he's the only other person besides you.

I've heard be like, Hey, everybody in Silicon Valley thinks this is overrated and whatever change it later, figure it out later.

And he's like, no, and a name can be a game changer and well, I always say a name could make you, but it likely won't break you.

I think in startups, you're just looking for as much chance of success as possible.

And I think that the name, especially when it comes down to like getting free customers, which I love doing is so important.

Right.

And so for example, like you probably need a haircut.com is on one hand kind of a dumb name, but on the other hand, like people remember it and people talk about it.

Then you spend days and you read everything and you go to the next page and the next page and down the threads and you look at people's usernames and you understand what's trending.

Like you become one with the subreddit.

And I always tell people is you click top.

So you rank by order and then you should rank it by month, year and all time.

And then you go through the first five pages and you click comments and you read the top 30 or so comments for everything.

That's brilliant.

Right.

And then you understand, you're like, all right, I understand the demand here.

Yeah.

I understand the, I understand the culture of this community.

Yeah.

These are my people.

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You have to be like, okay, I get these people and then you have to map out the ecosystem. So you have to look at in the week of a life of a, you know, animal crossing user, whatever. What's animal crossing?

I don't know.

You don't know what animal crossing is.

Make a popular game.

It's a game?

Yeah.

Oh.

1.3, 1.282 million subscribers, super popular social game on Nintendo Switch, really interesting social experiences around it.

I think it's blowing people's minds and what's coming out of it.

And it's one of those things like, I love social products like that because like, you know, people are looking for ways, like right above animal crossing on this red list is TikTok tips, which is like another business right there.

It's like, oh, how do I create, you know, a product that allows me to do TikTok better?

You could pretty much do that for every subreddit.

That's what I'm like a thousand.

It's more like one for every subreddit that has north of 20,000 users.

Yeah.

It's, it's, there's a, and that's why, I mean, I, that's why I hit you up, Sean, because

I was like, are you not sleeping?

Because I'm not.

So where were we?

So, so, you know, you're at one with the community, you map out the ecosystem and, and you should do it like visually, like work with a designer, because I think like actually like seeing it visually is going to help you and then you spend some time doing like speaking to people about like, Hey, what do you think, you know, in the case of let's say discord when, when discord is coming out and say, Hey, what do you think of the team speak?

Do you like team speak?

You know, how often do you use it?

Oh, you know, what would you, an ass open ended question.

Oh, what would you have changed?

And you just write stuff down, you spend two to three weeks just writing stuff down.

And at the end of it, if you can come up with an idea based on community, you have a good name, you understand the ecosystem, you probably have a pretty good shot at creating something.

And then the one thing I would add is how do you create it with no code?

Which is pretty easy right now.

Have you gotten to that step yet, Greg, with your kind of Reddit process you're funding?

Yeah.

So what I'm trying to, what I'm building actually, so I started a product studio called the checkout and we're kind of like, almost like an expo, like a product studio with late checkout.com.

And what we're doing is it's kind of like an expo, but we're kind of looking, we're

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unbundling Reddit and sort of a systematic way and we're trying to like launch a thing a month.

Who's funding that, Greg?

We're self-funded.

How many people?

A dozen people.

Full time?

Full time.

That's crazy.

And so what, so the self-funded mean that you're bankrolling it or people are working without a salary?

That means everyone has, everyone is being paid.

I'm self-funding it, but we do have an agency part of the business where we work with just a few clients that are helping, helping fund some of that.

Is that paying the bills?

It's paying some of the bills, but it's not paying all the bills.

How much are you willing to burn until you get a hit?

How much are you willing to burn?

I'm willing to burn it all.

Burn it all, dude.

Honestly, I would burn it all.

I took out all my money from the stock market.

I think the stock market's overvalued, and it's gone up since then, but I'd burn it all.

I put it all into this thesis of the unbundling of credit.

This is interesting.

Okay, so you're living a lot of people's dreams, I think, where you're just creating shit and you're putting your money where your mouth is.

A 12 people would be like 100 grand, 150 grand a month, right?

One thing we do have is we do some profit sharing stuff.

That's another interesting thing is I think that a lot of people, a lot of companies are all about stock.

As you guys know, common stock could get, who knows when liquidity is, and I think what you have is a huge, a generation of people who are kind of like, I've worked for a couple startups.

It's kind of not really gone anywhere.

Even if it's been a big exit, we sold for a quarter of a billion dollars.

A quarter of a billion dollars was put in by investors, so I saw nothing.

I think there's actually a huge, interesting opportunity to offer.

I know it sounds old school, but good old fashioned profit sharing.

That's what my company's going to do probably.

I don't think there's great software to do profit sharing, to set up easy, like, here's Carta for profit share.

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I don't think that there's a great solution for that.

Granted, haven't looked, but I know several people that kind of like home cook these things and it's kind of a pain in the ass.

It's a huge pain in the ass.

It's a huge pain in the ass.

So there you go, product one.

Would you ever consider, Sean, would you ever consider profit sharing in a future company?

Yeah, right now.

It's happening right now.

So yeah.

Now, it's a little bit messy in the sense of, okay, when do we declare profits?

To what extent do we reinvest into new things versus actually take profits out of the business?

I think that's the only murky thing that like, so right now I have one person who's an operator of a business and excited about profit sharing as the model here, but the question is cool.

So when, when do, not when do profits arrive, but when do we decide to take them out of the business versus not?

I think that's the only.

Typically, it's pretty small though.

It's like 10%.

A lot of people do 10% of profits.

Sure.

So you can set up some rules like that.

It's going to be 10% of profits once we hit this point or at this point in time.

But that's the only gray area that I haven't sort of figured out yet with my model.

But yes, actively doing it right now to, and want to figure out a software solution for it.

Yeah.

We built it on top of Notion and I don't think it's perfect, but I think like, you know, one of the ways we look at it is like, imagine you have like an L1, L2, L3 type person and based on like rankings, you know, based on contributions.

But I'd love to see, I'd love to see, like I would pay for software that would do this.

My friend Nathan Berry, you guys probably, ConvertKit is the name of his company.

And he's one of these like radical transparency type of guys.

And he saw all of his company's revenues on bear metrics and they do, I think 22 million a year in recurring revenue.

It's a really great company.

And he revealed his profit sharing methodology to Google Nathan Berry profit sharing.

You'll be able to see any like reveal his spreadsheet and like how he allocates money to different employees.

And I think that what he ended up doing was just saying like, we're just going to, we're just going to do it strictly on tenure.

So people who have stayed here for one year, get this people who have stayed here for two years, get this and it doesn't matter how much money you make, like how much salary or what

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position you have.

Okay.

So I have a Reddit, I have a Reddit based idea that it's not a new idea.

It's an idea I saw that I'm connecting the dots here.

So when we were building Blab, this really interesting thing would happen like once a week or once a month.

I don't remember the cadence exactly.

But all of a sudden, the top watch stream, it would have like, I don't know, like a thousand plus people watching it in that moment.

And it was all new users, all new accounts.

And they were kind of like, I was like, what the hell is going on?

Who are these people?

And the screen was just a screen share.

It wasn't a person on screen talking.

So they were kind of hacking our system to use it for what they wanted.

And it was, I don't remember the name of it, but there's some kind of like Reddit millionaire game or Reddit lottery game that happens on some, some frequency, some, see, there once a week, once a month.

And basically, someone in the subreddit wins.

And that's kind of it.

It's like, you don't have to pay.

I don't think to enter.

You just, you might win.

And the, I think they either crowdsource the funding or something like that.

And I saw this product come out recently that's very similar.

It's called Yada Savings.

Did you guys see this?

Ah, yeah, they're running commercials.

Oh.

So, so I don't know the backstory of this, but it was a clever idea.

Basically they created a savings account.

So they wanted to hold, they wanted, they created like a savings account.

They wanted a bunch of people to deposit with them.

And so what they did was they were like, Hey, you could win up to \$10 million just for saving your money in our FDIC insured account.

So you don't have to buy into the lottery, but it's sort of a trade.

It's like put your money in our savings account so they can become essentially like a little mini bank.

And then if you have a savings account and for every dollar you have in, I think you get entries into a weekly lottery, which will let you win XY, XYZ amounts of money.

And you get more tickets, the more you get more tickets to win, the more you've deposited.

And I thought it was a very clever mechanic to try to like solve the chicken and egg problem of starting a, you know, a financial services company.

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And it reminded me of the sort of the idea on Reddit of like, well, what if you just had a chance to win?

You don't have to buy a lottery ticket.

And then is there a way you could make the economics work?

And I think these guys have a method that might work.

What do you guys think of this idea?

So we gave away a Tesla in June and that incentive absolutely worked.

We said, if you get your friends to join the hustle, using your unique link, you're entered into win this thing.

And we've collected hundreds of thousands of new users that way in 30 days.

That's awesome.

And when you decided to do that, it's obviously a big risk because you have to declare that big a risk.

It's \$25,000.

Okay.

You gave away model three.

So did you set a benchmark early on?

You were like, okay, this is what success is as 50,000 users or what did you say?

Yeah.

I don't want to reveal that number, but we looked at like what the lifetime values of a user and then we gave it a huge discount.

You worked back from that.

Okay.

Yeah.

And now there's a ton of legal implications here.

Right.

Doing giveaways is fucking hard.

Yeah.

And it's full of scammers.

So if you're going to do it, you have to, A, follow the law.

So like, for example, in California, you can't use the word.

It's like there's where like verbates you have to use like a giveaway versus a lottery versus raffle versus raffle.

Yeah.

It's all, it's very, you have to use a certain terminology, but did you restrict who could enter to like certain geographies?

Yeah.

We sale.

I forget, but yes, I think like, I don't think Puerto Rico can enter.

I don't think international can enter the two smart things.

I saw you guys doing that.

I was like, this is fucking great.

This will work.

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And then the other one was sponsoring Dave Portnoy stream.

I was like, this is also great.

This will work and then taking the Dave Portnoy stream and turning that video clip into an ad.

I was like, yes, this is why Sam's my boy.

Yeah.

Great shit like this.

It worked.

That was very expensive.

That was six figures.

That was expensive.

But anyway, the giveaway worked.

And also, you know, publishers Clearinghouse.

I've heard the word.

I don't actually know what the hell that means.

Greg, you know, Greg, are you Canadian or American?

Canadian.

Okay.

Publishing Clearinghouse was a business that was, it might be, have been around forever.

But it was particularly popular in the 80s and 90s.

And do you remember like how they would show up at people's homes with a big fat check?

Right.

Yes.

I forget the history of it, but basically it started literally like magazine publishers would do like a giveaway.

And then now it's its own thing.

And it's a multi-billion dollar company.

And it's just a big lot, a lot of like a raffle.

And they still do it.

And it still makes billions of dollars in revenue.

It's its own company.

I think it makes, it's quite large.

But anyway, Sean, my point is these giveaways definitely work.

Yeah.

That's amazing.

How do you do that digitally?

That's kind of my question.

Well, have you seen the million dollar San Francisco house raffles?

No.

What's that?

There's billboards on bus stops for it.

It's called the San Francisco, I'll break it, see if you can find it, like San Francisco raffle house or something like that, where it's \$25 a ticket and you get a tour to win

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a million dollar home.

A million dollar home.

Who's running this?

I don't know.

But I always see billboards for it.

You've never seen these?

All over.

Dude, I haven't left my house in like, you know, four months, so no.

It's called the SF raffle.

Dude, here's the idea.

Here's the idea.

Google skills.

Okay.

Go ahead.

The idea is this.

Okay.

Actually, before we get to the idea, here's what I'm learning.

Number one is that people's lives are probably pretty boring and they want to make things interesting.

Yes.

Number two.

Number two is that people love slot machines, essentially, which is you do something, person does something, and something with chance might happen.

So it's like, how do you, and I know this is a bit gambling me, but like, how do you apply slot machines to everything?

Right?

No, in the sense of like, okay, I'm buying a, you know, I just bought this.

White t-shirt at James Perce, but for an extra X amount of dollars, I could put into something to get a, you know, a FaceTime from James Perce or something like that.

So I think, I think you could do this as a Shopify add on to a post purchase.

So I think you could say, cool, I got you the point.

You bought a thing, your credit cards in, and hey, here's a chance to get X and you could possibly apply something sort of at that point when they're, they're already so far down the funnel that you're just trying to basically increase the average order value by introducing a little game of chance where some people get a, get like a ton of value and then a lot of people lose a little bit of value as, as one mechanic for it.

I did this with, I think I've talked about this podcast, there used to be this penny, the sports betting site that was genius where they basically said, okay, to get around the illegality of this, you come on the site, everybody gets 10 cents for free to bet.

And you can, so everyone gets 10 cents free, you can only cash out when you get to 10 bucks.

And of course, it's really hard to climb to 10 bucks, but you would start betting.

And then when you would stop, sorry, when you would place a bet, it would say, cool, do you want a two X multiplier?

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So you put down 10 cents, this could be worth 30 cents if you watch this ad.
And then you would watch the ad and the thing would like variably spin and tell you what your multiplier is.
And like sometimes you'd get like, you know, just a 1.5 X multiplier.
So it's like, try again, watch another ad.
And these guys were just arbitraging the shit out of this where people would just watch a bunch of ads in order to get their multiplier higher.
And then eventually they would just make a bad sports bet and lose it all back to the bank anyways.
And so they never were actually giving out like very few people ever, ever cashed out.
And I just remember in college being like, this guy, whoever this is behind this is my hero.
Okay, you guys, listen to this, publishers clearing house, did you guys look it up?
Publishers clearing house reportedly did a billion dollars in sales in 2018.
And the way that it works is they own eight different websites, one of them being a publishing clearing house, like their main website.
And you can see giveaways that they're doing like right now, there's one win a \$3 million dream home and you enter your email.
And in order to get more entries, you have to buy a magazine subscription or a piece of merchandise and they take a massive amount of affiliate revenue.
That's all that's all it does.
So that's insane.
Okay, by the way, this is insane.
So what my mind is literally exploding right now.
This has existed since the fifties.
You want it to explode more?
Go to pch.com their website.
Look at this fucking awful website.
It's just all black with one old guy holding a check and it says you on the check.
And then it says win \$7 million a week or \$7,000 a week for life does the whole website.
What's going on?
These guys do a billion, this is a billion dollar company.
Yeah, man, you're a Canadian and Sean, you've lived all over the world, but if you grow up, like if you go to your grand, like when I was a kid, I go to my grandmother's house and watch TV, like this is what the grandmothers would watch.
And they had a TV show where they would take that big fat check and bring it to you.
Like it was like a famous thing and like the commercials were famous.
This is also the big check is just a genius move by whoever was like, you know what?
You know what?
You know what we're going to do?
There's a lot of money.
That's a little check.
There's a jumbo jumbo check and the jumbo check is like embedded in my brain from like,

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you know, my childhood, like that's the what, you know, what winning feels like at the highest level.

Like I wish when we sold our company and was on handed me a big check, I would have taken less money if they were like, but we'll throw in the big check.

I pray you, I pray you.

Were you raised in America?

I was.

Yeah.

And I remember the commercials.

It'd be like when, when like one grand, two grand per week per life.

I remember those.

Yeah.

I mean, this was like a huge thing.

It's still big.

I mean, this company has probably made like 20 or \$30 billion in profits since its inception.

We just spawned like, you know, 2000 more schemers out there who are going to create a crummy knock off of this.

Old women love this shit.

Me and my grandma used to watch this shit all the time.

It was great.

I mean, it's like fun for us.

So there's a, there's a product we meant to talk about a couple of weeks ago called Hybe.

Greg, you heard of Hybe.

I feel like this might be kind of on your radar, if you've heard of this, H-Y-B-E dot com.

Yeah.

The box mystery box, mystery job company.

So if you go to Hybe.com, you see a whole bunch of boxes.

I like the design of the site and it's like Louis Vuitton box, Nike box, you know, an off-white box like these exclusive boxes.

And so you buy these boxes and there's some, some item inside and it's going to either be, you know, worth the same amount that you paid for the box because like the Louis Vuitton box, for example, one of them is for 25 bucks and the other ones for 250 bucks to buy the box.

And you might get something worth way more, you might get something worth the same amount or less.

It's a game of chance.

And when you first join, they're like, here's your first box, open it up.

I want an air pod case or something like that.

And it's like, awesome.

Do you want to just recycle, like do not want this product.

You can just recycle it into Hybe credits or pay for shipping and you can get this product.

And I was like, man, this, this is like the same flow that wish.com or the wish app uses.

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And I was like, this is, this is a great product.

And I tried to find who are the founders of this.

I couldn't get, I could not find who's behind this thing, but respect because I think this is very interesting.

I'd invest.

I'd invest.

Yeah, exactly.

That's why I was trying to find the founders.

I was like, how do I, how do I invest in this thing?

So these guys had been around for a minute.

Like there's, there was a mystery, it was called mystery box.com, I believe.

And they would advertise like crazy with the Logan brothers, or Logan Paul, right?

Those two kids, they would advertise with them like crazy.

All right.

Here's another take on this guys.

This is actually a legit business, this is on a scam.

This one lady had this candle company and it was doing okay.

And what she decided to do was put a diamond in one of the candles and every other one candle had a \$20,000 diamond.

The rest had like a, like a cheap stone and it's huge.

It's a, I forget what it's called, but we covered it, I believe.

And that's another take on this.

People would buy these candles just to see if they got the winning one.

Right.

The Willy Wonka method.

It's, and it was pretty cool.

Like it's kind of like, it makes it fun.

Like it's a fun gift.

Yeah.

So many ideas, dude.

Okay.

Dude, this is great.

I'm glad you came back on.

We should wrap it up, but if you have ideas for subreddit ideas, I want you to actually tweet it at Greg.

So your Twitter handle, I think it's just your name, right?

It's at Greg Eisenberg.

Yep.

At Greg Eisenberg.

We'll put it in the, the comments of this.

Let us know what you think.

If you guys love Greg, let us know that we have Greg on more to hate Greg.

Let us know that we'll never let Greg on again.

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We have a deal, but at least we got our new name podcast, Bueno.

So Greg, good, good times, man.

Bueno idea zone, idea source.

Idea source.

Yeah.

All right.

Thanks man.

Appreciate it.

Cool.

Take care.

All right.

That's going to be it for part one of the episode with Greg Eisenberg.

Part two is coming on Friday.

So it's a back to back brainstorm.

We went long and so we decided, Hey, let's keep it all in.

Let's cut it up into a two-parter.

So hope you enjoyed this one.

More is coming on Friday.

And if you're not already in the Facebook group, well, what are you doing?

Get in the Facebook group.

I don't know why you wouldn't be in the Facebook group if you listen to the podcast.

The group has a ton of cool people.

They'll share what projects they're working on.

They get ideas, they find partners, they get investment, they get advice, a bunch of good things happen in there.

I'm Greg Eisenberg and I will see you on Friday.