

Nextdoor's CEO on supporting communities through COVID-19

The neighborhood app aims to create 'strong weak ties' during the crisis that help its neighbors persevere.



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How do you make connections when you can't leave your home? For many people, social media was crucial to staying connected. As the go-to place to plug into the neighborhoods that matter to you, Nextdoor saw a surge in usage at the onset of the COVID-19 pandemic. Neighbors—individuals, companies, nonprofits, and governments—turned to the platform to share information, help one another, and support local businesses.

What do these experiences say about larger personal, consumer, and e-commerce trends? James Manyika, a co-chairman and director of the McKinsey Global Institute, spoke with Sarah Friar, CEO of Nextdoor, via video to understand how communities around the globe are persevering through the pandemic.

What Nextdoor research reveals about strengthening communities

James Manyika: Tell us a little bit about the trends you were seeing enabled before COVID. What do you see as you look at the world through these neighborhoods?

Sarah Friar: We've just completed a global loneliness study. That research was started pre-COVID. Although, during COVID it's obviously been even more pertinent. People are feeling more and more social isolation. The remarkable thing is that the researchers went into this study expecting the positive outcome to be the slow of the rapid increase of loneliness, but, much to their surprise, what the study actually found is quite simple: Just knowing six neighbors reduces the likelihood of feeling lonely and is linked to lowering depression, social anxiety, and even financial concerns, believe it or not. Neighbors really can rely on each other.

And remember, this is a different network in your life. Most people have a friend network. They have a colleague network. Think about apps like LinkedIn or Facebook. But a lot of people need the people who live closest to them, particularly in times of emergency. We've also seen, in that same

research, how small acts of kindness reduced the feelings of anxiety that are often related to day-to-day stress. And those small acts could be as simple as a wave or offering help. I've personally been going to the pharmacy for two people in my neighborhood who are both immunocompromised, and the pandemic is a very frightening time for them. When they need a small errand run, that's something that I can easily do, or I can send my teenagers to do.

If I go one step further, pre-COVID, we did a lot of work around natural disasters. One instance where Nextdoor really came into its own was during Hurricane Harvey in Texas (in 2017). We worked with a disaster resiliency expert, Dan Aldrich. His research showed that there is a statistically significant relationship between online social ties on our platform during and after a disaster that reduces lives lost during a disaster and the number of days it takes individuals and communities to recover. That's a lot of research babble for what inherently feels right. We know that when communities are strong and have what Mark Granovetter calls "strong weak ties," these communities tend to get back on their feet. People help each other. They'll bring food. They'll bring clothing. They'll find lost pets. They'll bring it all together in a moment of need. The communities that don't have those weak ties tend to quickly dissipate. From a social perspective, that covers the deep underpinnings that Nextdoor focuses on when we do research.

James Manyika: Do you find big differences across different kinds of communities, in terms of socioeconomic profiles or in terms of national or geographic differences?

Sarah Friar: It actually didn't matter age group. It didn't matter socioeconomic class. So I think that there is a lot in common across all walks of life. Of course, when we go deep into our data, some of the differences we do see right now are around urban communities versus suburban communities. We're seeing a lot of new movers, especially from urban to suburban. But at the core, we are a lot more alike than we all realize.

Local and online businesses are more important than ever to neighbors

James Manyika: In addition to research on loneliness and social connections, you've also been looking at other things. Talk a little bit about what you see, both through the research and the activities that your company does around the evolution of trends of services and commerce in communities.

Sarah Friar: From a commerce perspective, some of the trends we're seeing right now definitely include a push to local. People want to support their local businesses. They're recognizing that those local businesses won't be there on the other side of a financial crisis if they're not shopping local. When we do survey work, 72 percent of the neighbors say they'll patronize a local business more often coming out of the crisis. We've seen conversations about supporting local businesses increase on the platform by about 17 times just over the course of the last nine months. And 88 percent of members have shopped local at least once per week. The good news is that people are using the power of their purse to actually make an impact. None of us want to get to the other side of a pandemic and find

our local high street is boarded up, or that favorite coffee shop has gone out of business.

The other trend I'll mention—because it's interesting given the research you all do—is this rise of [people working from home](#) and really the solo-preneur. I have seen a lot of minority groups and women, in particular, decide to set up shop in their own homes. They think, “I can now start my business and thrive online.” There's lots of tools, from my Square days, whether it's getting the payments right, getting shipping, distribution, and platforms like Shopify who clearly made this very easy. I think there's a lot more entrepreneurship going on. In fact, the number of new businesses is up 77 percent quarter over quarter in Q3 here in the US. I actually thought the data was wrong when I looked at it online. It is amazing how entrepreneurial people have become. And now they're enabled, but, frankly, it's also that they don't have a choice. Many people have lost their jobs, and this is a way they're trying to bring income into their homes. So, neighbor made and neighbor-for-hire are core trends we are tracking and enabling.

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How neighbors helped one another through COVID-19

James Manyika: Let's talk more about COVID. You've been looking at all these trends about loneliness, connections, and social fabric, and also services and entrepreneurship. Talk about what you're seeing that's different now during COVID.

Sarah Friar: COVID had many stages for a company like ours, as we saw it ripple out into the world. The first stage, which has remained, is getting access to accurate information. And that can be difficult in times when information is constantly changing. For organizations like the WHO, the US CDC, the UK government, and the French Ministry of Health and Solidarity, the information they have been telling citizens has changed over time. We've seen an increase in government organizations wanting to get on platforms and use them as a microphone to reach out to the communities under their duty of care.

The second big trend we've seen is help. And the good news is it began more as help to give. As I look back, and as we see when disasters happen to communities, there's this moment where people want to have personal agency, even when the world is going crazy around them. And that moment is offering a hand out to help. We saw almost an 80 percent lift month over month in our daily active members, and a lot of it was from people looking for ways to help in their community. Thankfully the supply was eventually met by demand, and we could see people finally willing to take the help. That's one of the things about social connection—it may start very small. It may be as simple as asking, "Could you help me go to the pharmacy to grab a drug that I need," or "Grab me some toilet paper," which was very hot on the platform in March and April. Then slowly you start to realize that people don't want just that. They really want someone to talk to a couple of times a week. Maybe they need you to help them in their garden or something, but they don't want to ask for that much. It takes a while for that social commitment to build.

Finally, as we've gotten further into this secondary part of COVID, there is a focus around local businesses and around nonprofits. They're also struggling but as the safety net of a community losing them during the crisis is detrimental to vulnerable communities. Finding new ways for these nonprofits to raise funds has been very top of mind for us. We just put out a product called Sell For Good where we use our classifieds platform to allow people to sell stuff in their garage. For example, if they don't want what's in their closets anymore, they could put it on Nextdoor and give all the profits to the local food bank or humane society. There is a lot of talk around how to support all of these organizations in our community.

What trends will stick after the crisis?

James Manyika: We've obviously seen a lot of shifts and changes during COVID. One thing we're trying to understand is what could stick over time, because some things, presumably, will return back to the way they were. But some things probably won't. What do you think happens to regular retail commerce in communities, based on what you're seeing?

Sarah Friar: I'm a huge believer in, and proponent of, technology. For sure there's been a no-return shift to the use of e-commerce. People have really understood the power and the need to do e-commerce, but also to do things like delivery and pickup. That is a place where even the local retailer can survive and thrive. In the same way, we have seen businesses using Nextdoor to share the message that they've pivoted and are doing some things differently. Others have clearly moved into that pickup and delivery mode. These are changes that won't roll back, because consumers have gotten used to a much more efficient way to shop and perhaps a much better form of service. These businesses have had to make the leap. I don't know if they'll ever go back, either. In many ways, it's much better for their business to have these different distribution channels to get to customers.

Where corporations are stepping up

James Manyika: You happen to have a fascinating vantage point, not just in your role as CEO at Nextdoor, but you sit on the boards of some very important companies in technology and retail: Walmart and Slack. And then there's your prior life at Salesforce and at Square. At the McKinsey Global Institute, we've been researching what we've been calling [corporations of the 21st century](#) that are going to engage with society in quite different ways. I mean you just described the things that you do with nonprofits, with communities. There's a big shift here going on for companies in how they think about engaging not just with communities or the economy, but with society in general. Talk a little bit about that.

Sarah Friar: Corporates have an imperative to act. I think that has been changing, but perhaps it has never been more apparent than in the world we're living in right now. In some ways government institutions have certainly struggled with how to really help communities in their moment of need. It's great to see folks like [the Business Roundtable](#) stepping up during the heat of the summer after George Floyd's murder happened. And they say that this is a whole area that we are going to take upon ourselves to really try to fix diversity and inclusion. That's an area where corporates were silent for so long. And I don't feel you have a choice anymore

as a senior executive to not only talk the talk but to make sure that you are walking it.

What we saw happen on the Nextdoor platform, for example, was that brands like Walmart or Clorox come to us and say, "We really don't want to do advertising, because people don't need to be sold to right now. But they do need to know that we are there for them as a brand. We want to be seen as a brand with purpose and that we're aware of the hardship. So what can you do with us?"

We rolled out a product called Help Map. Clorox sponsored TV advertising for it, and Walmart sponsored a set of help groups. In those help groups people could say, "I'm going to shop at Walmart. Can I shop for someone else?" Someone who perhaps was frightened to go outside or couldn't leave for health reasons could ask their neighbor to get their groceries for them, and Walmart was enabling that on our platform through our technology. There has been a real sea-shift in how corporates are showing up. And frankly, corporates are not a thing—corporates are people. They're led by chief executives or C-suites that are stepping up to the plate. If you're going to [lead with purpose](#) and be, in my case, a very purpose-driven company, I don't think you have a choice anymore.

Corporates have an imperative to act. I think that has been changing, but perhaps it has never been more apparent than in the world we're living in right now.

James Manyika is a co-chair and director of the McKinsey Global Institute.

Sarah Friar is CEO of Nextdoor and co-founder of Ladies Who Launch.

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