Nextdoor Holdings, Inc.

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Earnings Call

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Call Participants

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ANALYSTS

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Morgan Stanley

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Evercore

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Presentation

Operator

Thank you for attending today's Nextdoor Fourth Quarter and Full Year 2022 Earnings Conference Call. My name is J'son, and I'll be the moderator for today's call. [Operator Instructions]

I would now like to pass the conference over to our host, Matt Anderson, Head of Investor Relations.

Matt Anderson
Head of Investor Relations

Thank you, J'son. Good afternoon, and thank you for joining us today to review Nextdoor's fourth quarter and full year 2022 financial results. With us on the call today are Sarah Friar, Chief Executive Officer; and Mike Doyle, Chief Financial Officer.

During this call, we may make statements related to our business that are forward-looking statements under federal securities laws. These statements are not guarantees of future performance. They are subject to a variety of risks and uncertainties. Our actual results could differ materially from expectations reflected in any forward-looking statements. For a discussion of the material risks and other important factors that could affect our actual results, please refer to our SEC filings available on the SEC's website and in the Investor Relations section of our website as well as the risks and other important factors discussed in today's earnings release. Additionally, non-GAAP financial measures will be discussed on today's conference call. A reconciliation of these measures to the most directly comparable GAAP financial measures can be found in the Q4 2022 Shareholder Letter release today.

With that, I'd like to turn the call over to Sarah.

Sarah Friar
CEO
Thank you, Matt, and hello, everyone.

Q4 marked the end of a challenging year for many neighbors and customers. Against this backdrop, we remain focused on providing value to neighbors and organizations and driving results in the areas we can more directly control. On the neighbor front, platform engagement is high with weekly active users, WAU growing 11% year-over-year and 4% sequentially in Q4. This growth was led by the U.S., where we added over 1 million net WAU quarter-over-quarter. Q4 WAU grew sequentially for the eighth quarter in a row, and over the past 2 years, WAU has grown by 42%, demonstrating the community, utility and durable value Nextdoor offers. In conjunction with WAU growth, we are also growing at the top of the funnel, indicating a clear opportunity for sustained growth. Today, we have almost 80 million Verified Neighbors on Nextdoor.

2022 was a year of product innovation and execution. We made substantial progress on deploying machine learning to enhance the neighbor experience, driving engagement and platform growth. In Q4, we advanced our email and push notifications by optimizing not just for sessions, but for sessions from the neighbors who are most likely to become long-term users based on their activity. Moreover, in the quarter, we laid the groundwork for a more-personalized and more engaging Newsfeed by incorporating data points from neighbor interactions on the platform to capture interest and preferences. This latter work stream is still at an early stage, but we expect that it will become a prominent driver of neighbor growth and engagement in 2023 and beyond, as our models become more powerful and work at greater scale and velocity.

In the year, we also significantly updated our app, optimizing our user interface for the way we believe neighbors will derive the most value in the long term. We placed the Posting function front and center, and simplified the navigation bar to highlight the highest-engagement surfaces. We also launched the Discover surface to help neighbors find Groups, other neighbors, and businesses nearby. In Q4, we ended the year on a high note with the launch of the new and improved Events function and the Events Map within the location- forward Discover surface, further leaning into our value proposition of local at scale. With these launches, we are deepening engagement by creating more ways for neighbors and organizations to interact, engage, and share useful content.

In addition, we continue to innovate in neighborhood vitality. Our recently launched Transparency report highlighted a 35% reduction year over year in harmful content to just 0.2% of total user-generated content. Our community is active: over 210,000 volunteer community moderators in neighborhoods around the world reviewed 92% of all reported content. And reported content was removed at industry-setting speeds with a median time of 5.1 hours from time of report to removal. And this is an area where we have used ML and AI to launch new features such as Constructive Conversations and Appeals and improve features such as our Kindness Reminder.

We also continued to make progress on our multi-year ad platform build. Our top priorities are to create a unified self-serve option for customers of all sizes, but particularly for SMBs, and to prepare our proprietary backend ad server to host large-scale customer demand.

On the revenue front, 2022 growth of 11% year-over-year was a tale of two halves. While we started off the year on a strong note with 32% year-over-year growth in the first half, we saw advertisers start to spend with increased caution in the second half of the year as macroeconomic conditions became more uncertain. Q4 revenue declined 10% year-over-year to $53M, driven by reduced advertising spend from the financial services, home services and real estate verticals and an overall reduction in spend per customer. Importantly, however, in 2022, we retained 90% of our top 50 customers, reflecting the sustained results advertisers are seeing on Nextdoor.

In Q4, we were focused on operational efficiency, holding operating expenses constant year-over-year. We have held headcount approximately flat over the past three quarters, actively managing performance and selectively hiring in only the most critical areas: product, engineering, ML/AI, design, and sales.

Going into 2023, we remain focused on growing WAU and revenue, with an emphasis on increasing productivity. We will continue to balance expense management while ensuring that we are resourced to deliver on our long-term product and go-to-market initiatives.

In closing, with community and utility at the forefront, our platform is a unique resource for neighbors and businesses of all sizes. We are as excited as ever about the product roadmap we have in place to execute on our top 3 priorities: growing our base of neighbors and organizations, deepening engagement, and driving long-term revenue growth above 2022 levels.

While there may be continued uncertainty ahead, we have a strong team in place and are well-capitalized to execute against our strategy. We are committed to our purpose - to cultivate a kinder world where everyone has a neighborhood to rely on - and remain confident that our efforts will enable us to return to sustained revenue growth and margin improvement in 2023.

With that, let me turn it over to Mike for more details on our financials.

Michael Doyle
CFO

Thank you, Sarah, and good afternoon, everyone. As Sarah noted, in Q4, WAU grew to 40 million. This growth reflects our strategy to build an active value community where neighbors and organizations can join, connect, contribute and transact with one another across over 305,000 neighborhoods around the world. In particular, we are proud of the way we delivered an unparalleled combination of utility and community to both neighbors and organizations in the quarter, from working with agencies to support communities impacted by East Coast storms and California flooding, to helping neighbors organize local events and stay informed about them through timely relevant notifications, and driving sales for our global toothpaste brand that ran a successful campaign promoting its products the day after our Halloween Treat Map

Turning to revenue, while 2022 revenue grew 11% year-over-year to $213 million, Q4 revenue was $53 million, a decrease of 10% year-over-year. In the quarter, we saw continued weakness in advertising spend, particularly in 3 historically strong verticals: financial services, home services, and real estate. As advertisers have experienced uncertainties in their own businesses, they have moderated spend. That said, we are pleased to see that even in light of lower per customer budgets,

many advertisers are choosing to still spend on Nextdoor. As Sarah noted earlier, the fact that the vast majority of our top customers continue to spend in 2022 helps illustrate that, that macroeconomic volatility aside, our value proposition to advertisers remains strong.

In addition to retaining customers in an uncertain environment, we were also bringing new customers on board. We saw strong growth in mid-market accounts added, which drove 18% year-over-year growth in total accounts managed by our sales team to an all-time high in Q4. Bringing new customers to Nextdoor will remain a top priority in 2023.

Other areas of resilience in Q4 included the tech & telco, health care, and government verticals, which continue to grow year-over-year. This is a reflection of a shift in sales strategy we made earlier in 2022 to increase focus on recession resilient verticals and customers. Consistent with our full funnel approach, we saw a healthy mix of spend across both top and bottom of funnel objectives with the continued trend towards direct response campaigns, which accounted for more than 60% of managed spend in the quarter. The U.S. CPMs also remained relatively stable year-over-year, another indicator of the value Nextdoor delivers.

Q4 ARPU declined 19% year-over-year to $1.33, a result of progress made in growing sessions and supply, which outpaced advertiser demand in the period. Q4 adjusted EBITDA loss was $17 million, representing a negative 32% margin. The year-over-year decrease in adjusted EBITDA margin primarily reflects deleveraging from the reduction in revenue and growth in personnel costs and hosting costs as neighbor engagement grows. As with revenue, our margin profile changed significantly over 2022. In the first half, our adjusted EBITDA margin was nearly constant year-over-year as revenue growth supported early hiring for critical new roles. In the second half, the revenue decline led to margin contraction even as we reduced operating expense growth by 28 points from the first half to the second half of the year.

We ended Q4 with $583 million in cash, cash equivalents and marketable securities. This is after we repurchased $77 million of our Class A common stock in 2022, allowing us to realize less than 1% dilution in the year. We will continue to evaluate our capital allocation opportunities looking forward.

I'll end with our outlook. Our Q1 2023 revenue guidance is $46 million to $47 million, a year-over-year growth rate of minus 9% at the midpoint of the range. In the near term, this reflects the continuation of the revenue trends we observed in Q4. Turning to margin. We expect expenses to increase from Q4 to Q1, reflecting the hiring during 2022 as well as a seasonal increase in expense, primarily driven by payroll taxes. As a result, we anticipate Q1 adjusted EBITDA loss to be minus $27 million to minus $26 million.

For the full year 2023, we expect to return to year-over-year revenue growth and margin expansion. Given current variability in advertising budgets and lower forward visibility as a result, we are not providing full year revenue or EBITDA ranges at this time. Overall, our Q4 results reflect key areas of progress, most notably in neighbor growth and engagement. We remain highly focused on driving sustained WAU and revenue growth.

Thank you for joining our earnings call today. With that, I'll turn it over to the operator for Q&A.

Question and Answer

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Operator

Thank you. [Operator Instructions] Our first question is from Youssef Squali with Truist.

Robert Zeller
Truist

This is Robert Zeller on for Youssef. Thanks for taking the question. So, first on the Map, I just wanted to ask what engagement looks like today, given the recent launch you did in the quarter. And then compared to where engagement was a year or 2 ago and where you think it could be like 5 years from now? And what levels revenue contribution you think you can reach through that? And then I think in the letter, you mentioned your most consistently engaged base of neighbors grew. I'm just curious what the use case is for your most consistently engaged base of neighbors versus those that don't engage as consistently and what you think the difference is and why?

Sarah Friar
CEO

Great, thank you. A lot in there. I'll start, and then I'll let Mike certainly dive in if he wants to talk about a longer-term view. So first, on engagement, we were very pleased with the year-over-year growth in WAU, that 11% year over-year growth to 40 million, and of course, for the year, a 21% year-over-year growth. Where we're seeing strength is certainly in the U.S., about 85% of our U.S. Verified Neighbors came organically. And so one thing that is definitely driving - growth top of the funnel but then done into engagement - is the fact that people are just coming to the platform through word of mouth. And that's an incredible strength for Nextdoor and we can grow that rate organically. That's actually higher than what we saw in 2021.

Beyond that, if you look international, we actually see even higher growth there. So, the engagement -- our WAU growth internationally was 42% year-over-year in 2022. That was 3 points higher than what we saw in 2021. So, it's actually accelerating. Beyond that, I think you're also asking about engagement further down the funnel. So, once someone comes to us weekly, they're coming back, remember, on average, about 4x a week. So, our weekly actives are very active. Over 50% are daily in fact. And then from that, session growth, which is the natural link out to impressions, also continues to accelerate. So, what we saw with session growth was that it was faster than WAU growth. What's driving that? It's some of what I talked about in my prepared remarks.

So, it's certainly a big investment in machine learning. That's been our fastest-growing team in 2022. They're building models around areas like notifications, so the right notification to the right person at the right time, and it's different for every single neighbor, can make a big difference on how many people come back to the platform. Beyond that, they're also digging into how do we continue to grow faster top of funnel. So as we put out invites, whether they're digitally done, maybe it's done via Connections for Guests You May Know, how do we make sure it's a really smart invitation so that more people accept it and come back to the platform.

I think the next area that you went to was way out 5 years, I'm going to let Mike take that. And then you asked, what are the use cases for people who come back consistently. So, if you look on Nextdoor, the top use cases tend to start with recommendations - either I'm looking for or I want to say how great this was. I was literally checking my Nextdoor before this call and someone was asking for where do you find a great facial, which after this earnings call, I might just want to do myself. But that's a very typical ask on the platform.

Today, we've seen over 60 million recommendations against 6 million businesses, just to give you a sense of perspective. Second reason that people tend to come is to give and get that trusted information. That's why we work, for example, with a lot of public agencies. Mike talked about our ability, for example, to be there in times of crisis, like flooding, snowstorms, and so on, but also when things are going well, too, like some of the work we did last year around the Big Jubilee in the U.K.

And then finally, I think the third area that I would call on and neighbors often come to the platform for is they're there to buy and sell. So, our For Sale & Free platform tends to be very engaging. It's often a reason people come for the first time and they have that moment of delight where they're able to get rid of the couch, get rid of the table that no longer gives them joy. Why it works well in Nextdoor is, number one, we're local. So, you're not shipping things around the country. People can literally show up at your house or your apartment to give or get that piece.

Second, we're very trusted. So, people feel that they can put something on the platform where someone would come to your home. And then finally, there's a really strong sense of community. We often see people putting stuff on For Sale & Free because it actually drives the community action as well, like, for example, a parent putting sports clothes on the platform that their kids have grown out of. I have sold a lot of soccer cleats in my life on Nextdoor. So, those are the 3 big areas; recommendations, so really oriented around businesses. Secondly, the trusted information and then thirdly, that's commerce, that social commerce piece.

So with that, Mike, I don't know if you want to make a comment on the 5-year look forward.

Michael Doyle
CFO

Yes. I just want to add on revenue contribution and growth rates going forward. Just a reminder, I mean, we're early in building our ad revenue business. And really the most important piece is driving that engaged base of weekly active users and helping them find real utility on the platform. That generates the supply that our advertisers are after and gives us the opportunity to work with them in a larger way, driving larger budgets and doing more with them on the platform. For us, that's the most important piece to driving long-term monetization, but there are also several things that we are doing to help to accelerate the rate of revenue growth.

First and foremost is the large investment we're making in our own proprietary ad platform, allowing us to take advantage of our first-party data, which will help to drive performance with advertisers, ultimately increasing ROI and CPMs. Really optimizing our supply as well. So, driving fill rate of the supply we create, driving a greater mix of direct sold relationships with advertisers, which allows us to help them get the most out of the platform, do things like shift budgets from brands to direct response, where warranted, and things like that. And then really thinking ahead several areas is creating new use cases and ad services that we can bring to the benefit of advertisers. We've talked in the past about our Discover tab, our launch of Events, Groups. There are many ways that we can interact both with our members, our users, and with advertisers and bring them real utility through the ad contact.

Sarah Friar
CEO

Thank you, Robert.

Operator

Our next question is from Eric Sheridan with Goldman Sachs.

Eric Sheridan
Goldman Sachs

Thank you so much for taking the questions. Maybe just coming back to the broader advertising environment, I'd love to dig a little bit deeper in what you're seeing. Elements of spend per advertiser, how much of that you think is volatility driven by the overall mix of brand versus DR in your existing advertiser spend? And I think for a platform at your scale, I think the view would be that maybe you would outgrow some of the overall industry trend, so the second part of it would be, what are you seeing in the funnel of new advertisers and new budget coming to the platform? And how should we think about that new advertiser funnel developing beyond just the macro volatility we might see over the next couple of quarters and as we get deeper into 2023?

Michael Doyle
CFO

Thank you, Eric. Let me take that. So I think, first and foremost, we're really pleased with the performance we're seeing in our ability to retain our top advertisers. As we mentioned, more than 90% retention of our Top 50 advertisers. And that's in an environment where they are often reducing spend per campaign. But really, this is an indication of the value they're seeing and working with us and reaching the neighbors on our platform. And the second is really on driving new logos. And so as you mentioned, that's an important part. We're early in our journey and bringing new advertisers onto the platform. We have roughly 1,000 advertisers across enterprise and mid-market customers and then anywhere from 30,000 to 35,000 SMB customers, paying customers in any particular period. So, there's an enormous runway in front of us on building awareness amongst advertisers and getting them to leverage our platform.

The flip side of adding new logos is also the performance we're seeing in evergreen spend. And so those are -- what we think about -- we think about evergreen advertisers as those that are active on the platform 5 quarters in a row. And it is the majority of our advertising. So, close to 60% evergreen spend and a number that's continuing to tick up. So, this gives us a stronger base of advertisers, more visibility into the revenue going forward as well. And so it's a key metric that we look to.

Operator

Our next question is from Brian Nowak with Morgan Stanley.

Brian Nowak
Morgan Stanley

Great, thanks for taking my questions. Maybe, Mike, can you sort of talked about the -- one of the priorities for '23 to be to really grow the advertiser base. Just sort of curious, number 1, can you just give us a couple of examples of advertising verticals that you're most focused on that you think can really drive significant upside to the business in '23? And then secondly, are there any specific tools or ad offerings that have been resonating better with advertisers than others? Just as we're trying to think through like what are the key competitive differentiators for Nextdoor to compete in an increasingly competitive advertising market?

Sarah Friar
CEO

Great. Thanks, Brian. I'll start, and then Mike can certainly add. I think, first of all, in terms of the verticals, Mike spoke to it well in his prepared remarks. If you look at where we've seen strength in Q4, tech and telco, government, and health care, and this was really driven by a pivot mid-year to look to verticals that we deemed more recession resilient. So, particularly health care and government. Of course, we have to drive brand awareness there so that they get to know us. But I'm pleased with the momentum that the team has been making in terms of new logos in that space.

Your question of why do people come to Nextdoor, why do advertisers come to Nextdoor. I'm going to answer it 2 ways because you've asked about formats, but I also want to speak more broadly about what differentiates Nextdoor. So, first and foremost, we are, of course, the neighborhood network. We are all about local. So in some ways, the simple answer to that is our audience. I'll give you a couple of examples. One we talked about in our Shareholder Letter was Renault out of Europe. So there, they wanted to target a unique audience of EV owners and particularly the household decision maker.

What we could see is that 26% of the neighbors in the U.K. on Nextdoor are more likely to own an electric vehicle. And so they were able to do a campaign that both had much improved visibility, viewability of the ad itself, but also the quality, the people willing to stop and spend time on the ad was about 111% of the benchmark. So, in that one I'm telling you is we have a unique audience, we have a household decision maker, and now we're able to add metrics that show the advertiser is truly performant.

I'll give you a couple of other examples. Thumbtack with their new mover kit. This is a spot that we've created, again, with a very unique audience. Nextdoor, of course, knows when someone moved house because that's typically when they come to the platform or we can even see that they're changing and updating their address because we have location data. This is the eighth consecutive quarter in a row where we've sold out that new mover kit. And we tend to find there's a lot of competition for it.

Finally, I'll talk to Treat Map. So, Mike started to talk about more nativization of ad spots within the app itself. So, it feels less like just a card in the feed, but are there services like Discover that now we can really put forward with location elements like a map. Purina dog treats sponsored our Treat Map, and again, saw a 3.4x more positive brand sentiment during the period where they were on the Treat Map. Again, why were they coming to Nextdoor? Because we're a place where you can find that unique audience of pet lovers and pet owners.

Finally, in terms of the types of formats that we're seeing, we sell all the formats you would expect: video, carousel, we have a format around dynamic local advertising, where we know that when you put something that's more local, if you take a national brand message down into local, it's, I think, around 58% more performant than when you just stick with the overall national kind of brand by-line or whatever. So, we are finding ways to really differentiate ourselves. So, where it started. We're all about local, all about the neighborhood. It's a unique audience. We see a vast proportion of our audience to be the household decision maker or the influencer of purchases. And then we're able to cut those audiences into very unique slices that are bringing advertisers across many different verticals.

Operator

[Operator Instructions] There are no additional questions. So, I'll pass the call back over to Sarah Frier, the CEO.

Sarah Friar
CEO

Wonderful. Thank you so much, J'son, and thank you to everyone who joined us and asked questions today. We always appreciate your time and support. So in closing, while we beat Q4 revenue and EBITDA guidance and definitely built momentum in areas like mid-market sales, we know we have work to do to return to revenue growth and navigate through a period of more uncertain advertiser demand.

But as I just said to Brian, Nextdoor is a unique platform. We are the only one doing local at any sort of scale. Users largely come to us organically, 3 out of 4 in this particular period. We are real neighbors at real addresses. We've also taken the time to invest in vitality. We believe we differentiate ourselves when we invest in this arena, it's good for the business as well as just being good for the world. We know that neighbors want to engage more when they feel safe within their neighborhood. We also know that brands want to spend more with us when they can see brand safety.

We're laser-focused on growing WAU and revenue. First, we need to continue to beat the drum on the importance of local for neighbors, for businesses and agencies. We need to build brand awareness to make sure that that utility and community is coming across. Second, we will continue to invest in platform development initiatives that grow engagement, things like Maps, Discover, Events, ML and personalization, neighborhood Faves.

And third and finally, we want to continue to iterate quickly on our monetization capabilities for advertisers of all sizes, making sure that Nextdoor is the ad platform that you come to and know that as you spend your money with us, we can track it and measure it. So, you're getting exactly what you want. And then finally, in terms of near-term revenue and EBITDA variability, we're very focused on returning to revenue growth and margin improvement in 2023, while also investing in the long-term opportunity of a global hyperlocal neighborhood network.

So with that, thank you so much for your time, and we look forward to talking to you through the quarter.

Operator

We do have one more person that queued up for a question.

Sarah Friar
CEO

Go ahead. We love questions. Bring it on.

Operator

Jocelyn Hu from Evercore. Your line is now open.

Jocelyn Hu
Evercore

Thank you for taking my question, I really appreciate it. I guess, is there any update you can give like maybe more specifically internationally because I feel the WAU growth seems to be stronger internationally than U.S., if I read the numbers right? I guess just kind of talk about the momentum there? And what's your game plan for international rollout from here, like which market we will put the most focus on.

Sarah Friar
CEO

Great, thank you Jocelyn. Appreciate that. So as you know, Nextdoor is in 11 countries around the world. And you're right that when you look at overall WAU growth at the moment, it was -- it remains stronger internationally, partially because we have many countries and neighborhoods that are just getting going. We saw a 42% year-over-year WAU growth in 2022 internationally and that actually accelerated from 2021 by about 3 points. What's driving it internationally is a lot of the same of what you see in the U.S. So certainly, when we invest in areas like ML and Notifications, that's a global investment. So, it has positive ramifications everywhere. Similarly, on the session side, we also see that outpacing of sessions outside the U.S. In terms of investments, our core markets that we've gone after beyond the U.S. are the U.K., Canada, and to some degree, Australia. Western Europe kind of remains a little bit more in early nascent stages for us.

And then within region, we continue to do things that can drive a particular country. For example, we did a partnership with Toronto FC, Football Club. We knew that they were up and coming. We knew that the World Cup was potentially going to end up there in a couple of years. And that was a great partnership that our country team came across that puts us front and center in a really important community for us. So, our neighbor of the match has been a really interesting way for them to bring attention to Nextdoor and to drive growth.

So, it's a combination, I would say, of broad platform investments that benefit the whole world as we roll them out, combined with in-depth country level investment that can really help a particular city or a particular set of neighborhoods come alive. And actually, one more point before we leave international, which I think is important. Today, 21% of our WAU is international, but only 5% of our revenue is international. So again, if you think about the future opportunity as we are able to kind of reach scale, bring advertisers on the platform globally, there's a lot of pent-up or latent opportunity sitting outside the U.S. at the moment.

Jocelyn Hu
Evercore

Thak you so much. I guess maybe on the Events Map, will they roll out, is there any update for this international rollout at all?

Sarah Friar
CEO

Of new countries? No, nothing to update on this call. Thank you.

Jocelyn Hu
Evercore

Okay.

Sarah Friar
CEO

Oh, Events Map, sorry. Yes. So, on the Event side, in Q4, we launched both our re-architected events, but then importantly, Events Map. So, really, this is about our Discover surface and making sure that beyond your Newsfeed, you can land on a surface like Discover and immediately see everything around you that can be of interest. So, Events are certainly one of those elements where it's great to be able to look at your neighborhood up close or even over a broader local area to say, okay, what's happening around me.

Of course, that's also a surface where you can find the businesses that have been recommended around you and even Groups and what other neighbors are up to. So, just think of it as one step in the broader nativization of Map surfaces, some of which might be 1 day -- a day at a time, you might pick a particular theme like Halloween and some of them may be ongoing, where we'd always have them like our Help Map. Does that make sense?

Jocelyn Hu
Evercore

Yes.

Sarah Friar
CEO

So, thank you. And it is available internationally. If you were asking was Events Map specifically available internationally, yes, it's a broad-based global rollout.

Operator

And we have another question from Ron Josey with Citi.

Jamesmichael Sherman-Lewis
Citi

Hi, this is Jamesmichael on for Ron Josey. What role does Nextdoor play in For Sale & Free offering? Is there a greater monetization opportunity here? And then how does user shopping behavior on Nextdoor differ from other platforms? Does integration with Maps also play a role in capturing commerce, enhancing overall platform shoppability?

Sarah Friar
CEO

Sure. So, maybe I'll start on just For Sale & Free as reminder of what the opportunity is, but then I'll let Mike take the monetization piece. So, on the earlier question, we get asked why do people come to Nextdoor. So beyond recommendations, beyond kind of the give and get help, we absolutely see For Sale & Free, as an area that tends to bring a lot of new users to the platform, but then also continue to engage the current users on the platform. And we see a significant dollar amount put fresh onto the platform every single month. We also view this as effectively our -- for a future into social commerce, because what is social commerce all about? It's about being influenced by the commerce that's around you by people that you trust. Nextdoor is the perfect overlap of that. People tend to have very high trust in their neighbors and what their neighbors are either selling or recommending. But it also comes at a local level, which, again, no one else can really do.

I'll pass it to Mike as we think about future monetization.

Michael Doyle
CFO

Sure. So to date, our monetization has really been just about the value to engagement that the For Sale & Free surface drives. So, our marketplace experience is differentiated in that all of the neighbors on the platform are real name and real address verified. So, a high level of trust. There's certainly obviously a proximity component to exchanging goods and services.

And importantly, is the social capital aspect of helping out people in your neighborhood. As a result, it has been one of our highest use cases and really is a way for us to drive sessions and engagement on the platform, which we're able to monetize those impressions through our general ad products. We have ad units in our For Sale & Free product today and are working to make those ad units more contextual. So that, say, for example, you are searching for a dining room table, that you're also then served an ad for a new dining room table with our ad partners. So, there is an opportunity there to do that more directly with our own technology as well as working with partners to accelerate our path and driving more utility on that surface.

Jamesmichael Sherman-Lewis
Citi
That is helpful, thank you.

Operator
[Operator Instructions] There are no questions. This concludes the conference call. Thank you for your participation. You may now disconnect your lines.

Michael Doyle
CFO

Thank you.

Sarah Friar
CEO

Thank y