Community Is Key in Building a Multimillion Dollar E-commerce Company

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Any business book or LinkedIn coach will tell you that you need a great product, supply chain, and distribution strategy for your e-commerce business. That's all true, but oftentimes direct to consumer brands miss one big strategic focus — community development. Companies like Glossier treat their customers as influencers. BestBuy has an exclusive network of "Tech Insiders." Curology has a community strategy directly embedded into their business model and Sephora has their #SephoraSquad that redefines what an influencer is to a modern brand. All of these organizations have employees that lead their community efforts, and it's working.

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What "community" means

Community means something different to everyone. Today I see community development teams manage influencers, advocates, affiliates, creators, customers, ambassadors, super fans, celebrities, associates, insiders, and more. Modern teams have leaned into the nomenclature around community, while those still catching up treat individuals in each of these categories as separate factions. Communities are a group of people with a common interest and objective. They have similar goals, they are loyal to each other, they are actively present

and participate in similar activities.

What community isn’t

Community is not a network. Communities are value-aligned and the combined value of each additional member creates a compounding effect. Therefore a new community member should know the rules and trust other members before joining.

Why is community important for e-commerce brands?

The business reasons for developing a community are clear, but only a handful of companies have truly mastered customer communities at scale. Community is often the secret weapon for DTC companies because it becomes their moat. Those that are value-aligned also actively advocate for your products, which, in turn, reduces marketing costs.

E-commerce brands that have successfully built communities surround themselves with individuals that are excited to roll up their sleeves and give product feedback. It’s one of the easiest ways for direct to consumer brands to engage community members. To this day, some of the largest CPG’s still pay millions to test groups to try their products and give feedback. Smart brands won’t have to pay a dime for test groups, in fact, they will probably profit more in the long term by engaging customers directly for feedback.

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Now, communities are hard to foster. One way to think about early adoption is to understand the intrinsic value of joining a particular community. Do members get a gift or something unique like one on one time with the founder? The best incentives are correlated to the things that don’t scale.

Founders should be actively recruiting community members by reaching out one to one. They should be engaging everyone regularly and constantly showing repeat value. Community engagement teams should encourage new members to tell stories, share experiences, and why they decided to join the community in the first place. External validation is cyclical and will feed the value loop over and over as new members join. People want to feel special and connected to the brands they purchase. Most e-commerce communities shouldn’t be large. There should be an allure or exclusivity around the group and people should feel a sense of ownership in the brand’s success. Eventually, there will be a perpetuating effect where there is so much value between members that the community teams don’t need to actively engage with members. The business use cases from here are even clearer. Teams can activate members to write guest content, post on social media, ask for reviews, attend exclusive events, and more.

Community success is the new customer success

Customer success is massively important to any business selling a product or service and specialized senior roles like the chief customer officer have surfaced to prioritize it. As more companies build specialized products it makes sense that the same level of specialization will exist for community roles. Similarly so, new technology companies will focus their marketing on community enablement and success.

Are community members and influencers the same thing?

Influencers and community members are not necessarily mutually exclusive. The best influencers for your business are ones that are aligned to your brand’s value and values. Influencers

that are not a part of your community are likely just contributing to your marketing efforts, nothing more.

How do I know if my community is successful?

The heartbeat of your community can be measured by a multitude of variables such as member growth rate, member invitations, churn, participation, net promoter score, and direct sales. Best practices for e-commerce companies involve regular meetings, assigning tasks, and giving new members status through recognition. An effective way to foster relationships is to have existing members introduce new members. Naturally, this will create positive first impressions and catalyze relationship building between members.

What are the highest value community opportunities?

For e-commerce companies, teams should create economic incentives like referral codes/links to share with new members. After you've established your community you should start thinking about a community newsletter, exclusive content, founder sessions, guest posts, product feedback, and customer reviews/ highlights. Smart teams will also use video reviews from their customers in their advertising materials.

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Should I assign a community representative or leader?

Sometimes, communities become too large for just one person to manage. From my experience, it becomes a full-time job for one

person after 30-40 members. Some highly organized people can manage 50 people, but if you were to spend 15 minutes with each member, it would be more than a full-time job per week. If you're thinking of segmenting your community and assigning roles, make sure leaders are especially aligned with your values, they trust the community, they know the rules of engagement and they respect the brand. You should aim to check in with these community leaders more frequently to make sure they are aligned with the objectives of the brand and other members. This is one of the only ways to effectively scale your community without hiring more people to your team. Also, remember that not all communities are meant to scale.

The important thing to remember when building your brand is that it takes time. Building true advocacy and influence starts with community so be sure to authentically engage people that genuinely care about your products and core values.

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