



video case



chapter 9 Online Retail and Services

case 9.2 **Etsy: A Marketplace and a Community**

watch the video at

<https://www.youtube.com/watch?v=IALzP8OqhnQ>

summary

Etsy is an online marketplace for handmade items and art and craft supplies and strives to build a sense of community among buyers and sellers. L=2:00.

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Etsy is more than a marketplace: it's a community of artists, creators, collectors, thinkers and doers. This e-commerce Web site focuses on handmade or vintage items as well as art and craft supplies, including art, photography, clothing, jewelry, edibles, bath & beauty products, quilts, knick-knacks, and toys. The site follows in the tradition of open craft fairs, giving sellers personal storefronts where they list their goods for a fee of \$0.20 plus a sales commission of 3.5% for each item. Etsy has been described as "a crafty cross between Amazon and eBay," "your grandma's basement," and as "one of the largest, most chaotic flea markets the world has ever known."

Etsy says its mission is to empower people to change the way the global economy works, to bring heart to commerce, and make the world more fair, more sustainable, and more fun.

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Etsy is headquartered in Brooklyn, New York, and also has offices in Hudson, New York, and San Francisco, California, as well as international offices in Berlin, Dublin, London, Melbourne, Paris, and Toronto. The Hudson, New York location is an old cannonball factory housing Etsy's call center and Web site design facilities.

Etsy's head office in Brooklyn houses the company's technology, customer support, public relations, business, and communications teams as well as "Etsy Labs," where employees can experiment with handmade projects themselves. It also features a Monday craft night where Etsy Labs is open to the public.

In 2018, Etsy has over 31 million active buyers. About 1.9 million active shops sell on Etsy, and in 2016, these sellers moved \$2.8 billion worth of merchandise. Etsy offers multiple options for paying for items, including credit card, money order, and PayPal.

Very few of these sellers make a living solely through Etsy, but according to an Etsy's Seller Survey, 76% of sellers in the US consider their Etsy store to be a business, and a third of respondents said they were focusing on their Etsy store as their primary job.

Etsy requires that all new products listed on the site be made by the people selling them—the use of mass production is prohibited. Etsy has made it possible for a lot of small businesses to get off the ground. According to Etsy, about 30% of Etsy entrepreneurs sell creative goods as their sole occupation, while around 45% use their earnings to cover household expense.

Meanwhile, the site has been adding features at a furious pace. For instance, Etsy now provides social networking functions similar to those of Facebook that allow users to make friends with other Etsy members and keep track of their friends' favorite shops and purchases. There's also a gift service, which looks at the Facebook profiles of your friends and suggests items they might like, and something called Taste Test, which asks you to rate a smattering of random items and then suggests things to buy. You are invited, of course, to share the recommendations with your friends on Facebook and Twitter and with other Etsy members.

Etsy's founder and former CEO Rob Kalin hopes that these moves will make it easier for buyers to discover new products, but he also sees the new emphasis on social networking as part of a deepening of Etsy's mission that goes beyond buying and selling. Etsy is also committed to its core values of craftsmanship, transparency, and responsibility. In 2016, Etsy became the first U.S. company to change its standing to a Certified B Corporation after going public in 2015. B Corporation certification requires the company to maintain a high level of social and

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environmental sustainability as well as transparency to the public with every aspect of their business.

video case questions

1. What is Etsy's business model and revenue model?
2. How important is "community" at Etsy? Visit Etsy's website and describe its community-building features.
3. Visit the Help page on Etsy's website and do a search on SEO to learn about search engine optimization. What tips does Etsy offer to sellers about this topic?