

Assignment: Global Project Report

Managing Business Information Systems (BA 6953)

Poonam Pawar

1429329

Trine University

Nov 09, 2018

Introduction

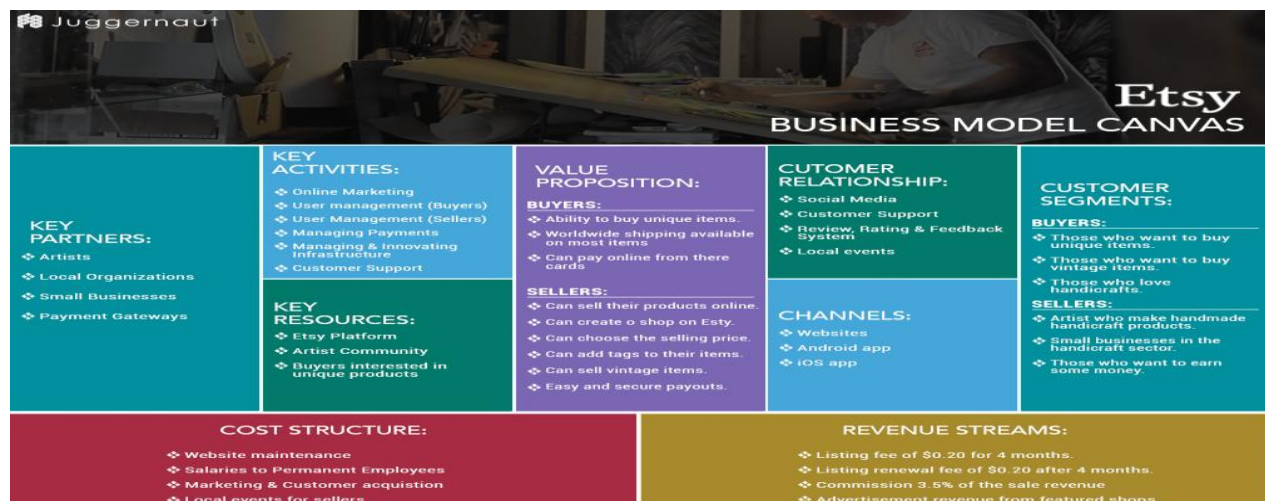
Etsy is an e-commerce company focused on selling and buying commodities and products which are unique, hand-made, creative, crafty, and artistic. The idea behind this organization was to give local craftsman an online platform to sell their hand-made arts.

In 2005, Rob Kalin, Chris Maguire, and Haim Schoppik created Etsy in a Brooklyn apartment (Reader, 2017). The company was launched as an online website for sellers and buyers both. The company has seen growth from 0.17 million USD to 3253.61 million USD in the last ten years (Statista, 2018). Brief details about Etsy company profile are:

Company Name	Etsy
Stock	NASDAQ:ETSY
Owner	Etsy Inc.
Creators	Robert Kalin, Chris Maguire, Haim Schoppik, Jared Tarbell
Business type	e-commerce
Commercial	Yes
Launched On	June 18, 2005.
Website	www.etsy.com
Sales (USD)	3,253.61 million
Sellers	33 million in 2017



Etsy business model is customer oriented, and sellers and buyers are treated as valuable entities for the company. The business models look like below (Clicklabs, 2015):



Benefits Gained

Possible benefits that Etsy gained by globally operating are as follows:

- **High availability and Scalability:** Etsy is accessible globally over the internet which has high availability and accessibility. The online website and mobile application are available easily. The business is easily adaptable and scalable based on the buyers and consumers both. Making the Etsy global gave exposure to the maximum number of artist and craftsman to exhibit their products for sale.
- **Security:** Sellers and buyers have to register before making any monetary transactions with the company. All the banking transactions are secure. Etsy accepts only authenticated payment modes like PayPal, credit cards, and bank accounts. A user can even enable two-factor authentication for more security.
- **Advertisement:** Online companies can reach out to millions of potential customer using web-based advertisement techniques. Social sites like Facebook, YouTube, and Instagram can aid in the advertisement the company.
- **Cost-effectiveness:** Maintaining online stores are very cost effective. There is no overhead of hardware requirements. All the required resources are stored and shared over the cloud. Having an internet based company helps in the brand expansion without any infrastructure restrictions.
- **Increase in product lines:** All sellers can increase the product lines anytime as required. The seller profile is very easy to maintain, and seller can add or update the products as the market demands. Etsy works as a channel between the producer and consumer, without having to deal with the inventory.

- **Shipping and tracking:** All the shipping and tracking are online. The buyer gets the shipping tracking information immediately after processing the order.
- **Sales improvement:** Etsy Company has only seen an increase in their sales every year from their start. The main reasons for this unparalleled success are the advertisement and customer satisfaction.
- **The increase in Customers:** Most of the customers in real-world are doing online shopping every day. Etsy's inventory is vast and customer driven. The catalog of product options from different sellers lures the customer to make smart choices before purchasing anything. Moreover, the entire customer can post their comments, reviews, and experiences with other customers which can help to make the choices.
- **Increase in sellers and retailers:** Online e-commerce sites have a high potential for new sellers and retailers. Etsy is a platform for all the artists, craftsman, carpenters, painters, and other architects to connect with potential buyers to sell their products.
- **Easy performance analysis:** Since all the customer logins, advertisement, overall sales, availability, product sales, geographical sales, event sales, market changes, quality check, and customer feedback are logged as online reports. Etsy as a company will have a better understanding of organizational performance.

Challenges Faced

There are some challenges that Etsy faced as a result of operating in the global society which is as follows:

- **Seller and Customer awareness:** Like any other e-commerce website, reaching out to maximum potential customers is the biggest challenge for Etsy. Along with this, Etsy also has to lure more sellers, as Etsy does not maintain its own inventory.
- **Scalability and increase in product lines:** Etsy has a steady increase in their seller and buyer's numbers. But there was no exponential growth in the first five years. Since Etsy does not have their own product lines, they are dependent on seller and buyer's experience for their growth.
- **Maintaining profit for the services:** The lesser number of sellers will yield less profit for the company. Etsy had and will always face the challenge to withstand the market needs to have continuous profits. Etsy gains profits by below sources:
 - Charges sellers to list their items for sales.
 - Take commissions from the seller for every product sale.
 - Advertisement.
- **Growing competition:** There are many available e-commerce companies in the market. Continuous market growth and competition create challenges for Etsy. One thing that distinguishes Etsy is the fact that it gives more artist exposure to sell their products easily.
- **Seller validation:** Property-theft, missing shipments, damaged products, fake accounts, and hacking are few of the potential threat that can affect the brand value of the company. Etsy has a responsibility to validate each seller before confirming product listing and sales.

References

- Clicklabs. (2015). Etsy Business & Revenue Model Explained: How Etsy Works & Makes Money. Retrieved 09 Nov, 2018 from <http://click-labs.com/etsy-business-model-revenue-how-etsy-works-makes-money/>
- Reader, R. (2017). VB. A Brief history of Etsy, from 2005 Brooklyn launch to 2015 IPO. Retrieved 09 Nov, 2018 from <https://venturebeat.com/2015/03/05/a-brief-history-of-etsy-from-2005-brooklyn-launch-to-2015-ipo/>
- Statista. (2018). Etsy's total annual merchandise sales volume from 2005 to 2017 (in million U.S. dollars). Retrieved 09 Nov, 2018 from <https://www.statista.com/statistics/219412/etsys-total-merchandise-sales-per-year/>