

Etsy

Mission Statement

Etsy's mission is to reimagine commerce in ways that build a more fulfilling and lasting world.

Overview

Etsy is a marketplace where people around the world connect, both online and offline, to make, sell and buy unique goods. The heart and soul of Etsy is our global community (>200 countries): the creative entrepreneurs who use Etsy to sell what they make or curate, the shoppers looking for things they can't find anywhere else, the manufacturers who partner with Etsy sellers to help them grow, and the Etsy employees who maintain and nurture our marketplace.

Key Facts

- 1.7M active sellers
- 27.1M active buyers
- 979 employees
- 40M items for sale
- Worldwide shipping is available for most items
- No sign-up fee is required for sellers
- Sellers pay a listing fee is \$0.20 per item and sales commission of \$3.5% of sales revenue
- Etsy provides education programs for their sellers
- Etsy hosts events to help their sellers
- Etsy receives advertisement revenue from featured shops
- Etsy provides an easy and secure payment system
- Etsy partners with E-commerce apps (e.g., StoreYa, payment, etc.) & retail design stores (e.g., West Elm)

Digital Innovation Initiative

Etsy leadership has engaged you as a consultant to offer recommendations on an idea, the Etsy Bespoke initiative described below, which has been floated internally at Etsy for how to respond to the Amazon Handmade initiative. Please do the following:

- (1) Examine the AS-IS business model canvas (attached) that represents Etsy's existing business – then add additional text that describes how their business model would be altered to execute the Etsy Bespoke initiative described below.
- (2) Offer your assessment of whether Etsy Bespoke is a good idea. Is it feasible? Is it likely to succeed in differentiating Etsy from Amazon Handmade in ways that resist imitation?

Recommendation: Based on your analysis, should Etsy proceed with this initiative?

YES NO

The Etsy Bespoke initiative:

Etsy has grown rapidly and established itself as a leader in the handmade goods space, but is facing a sizeable threat from Amazon, who has recently launched a so-called “Etsy Killer” feature, called Amazon Handmade. In response, a coalition of Etsy employees has advanced the idea for a new initiative to counter this threat, called “Etsy Bespoke.” The idea is to create a platform within Etsy.com that allows buyers to create requests for completely custom made-to-order goods, and for sellers to respond to those requests with proposals for what they would create, including pricing, delivery, etc. Rather than the current model whereby sellers advertise their goods to buyers, this would allow buyers to define the specific goods they desire, and broadcast those needs to any sellers who had identified an interest in that kind of product (e.g., clothing, furniture, jewelry, etc.). Sellers would submit proposals to buyers for their business. After buyers felt satisfied with the responses they received, buyers could accept the proposal of the seller whose offer they preferred, forward payment to that seller, and then wait for the product to be produced and shipped. Once buyers received the product, they would rate sellers on what was delivered, producing useful information that future buyers could use to make decisions about seller capabilities and performance.