

## Etsy (Market Positioning)

### Specification topic: Market positioning

#### Case Study: Etsy

Etsy is a popular ecommerce platform for the sale and purchase of crafts, handmade and vintage products. The product range has considerable variety including art, photography, clothes, jewellery, food, beauty products, quilts, toys and many other items. The website functions like a craft fair, where each seller has their own storefront and list items for a small fee.

Etsy has differentiated itself from other ecommerce platforms by its focus on unique, handmade or vintage crafts and products. Products are displayed in artistic styles rather than in more commercial catalogue styles. Sellers on Etsy include part time sellers, hobbyists, professional artists and full time sellers, and they are rated by past buyers to give an indication of the quality of their goods as well as their reliability as a supplier.

Two key areas have made the Etsy business model a success:

- **Community Engagement:** Sellers create personalised stores that encourage authenticity, reliability and a way to do business in a friendly and sustainable manner.
- **New Tools and Educational Material to Support Sellers:** Through Etsy-created tools and guides as well as support from the community, there is always an effort to help sellers gain more out of their stores and help new sellers establish themselves.

Given its reputation and popularity, Etsy is full of sellers often selling similar things. This makes the market very competitive and there is a constant need to evolve and stay ahead. Top Tips for becoming a successful Etsy seller include plenty of useful business advice; as well as helpful suggestions about competitor analysis, customer service, product photography and pricing; there is also focus on how to differentiate the offering:

**Have an Interesting 'About' Section:** A public profile, which is the about section, can be a great way to tell your story to a browsing potential buyer. People like an interesting story and a real person that they can relate with.

**Focus on Building your Brand:** There are thousands of Etsy sellers selling thousands of products. To stand out from the crowd, it is a necessary step to build up your brand. By becoming part of the community, creating and maintaining a blog and contributing to other blogs, you can build up your own brand as well as for your store. A strong store name, a simple but catchy logo and ensuring that this is displayed prominently across your store, packaging and advertisements will help establish brand visibility.

*Adapted from [www.etsy.com](http://www.etsy.com)*

#### Exam-style questions

1. Assess the importance of product differentiation for an Etsy seller of handmade craft items such as knitted clothing, jewellery or toys (10 marks)
2. Evaluate the likely impact on small-scale handmade craft producers using Etsy to market their products, of allowing factory-made products to be sold via the site as well. (20 marks)

## Etsy (Market Positioning)

### **1. Assess the importance of product differentiation for an Etsy seller of handmade craft items such as knitted clothing, jewellery or toys (10 marks)**

- As there may be hundreds of other sellers offering very similar products, it is necessary to stand out from the crowd in order to attract buyers
- Given that the 'storefront' is online, it may be harder to grab the attention of buyers who are searching for, say, blue enamel earrings, or small teddy bears
- Finding ways to add value through personalisation, product range and 'uniqueness' would enable a seller to gain competitive advantage in this marketplace.

#### *Potential counterbalance*

- Other aspects of the marketing mix such as customer service, or gaining a high rating as a seller might be ways of drawing the attention of buyers who are browsing through many similar offerings

### **2. Evaluate the likely impact on small-scale handmade craft producers using Etsy to market their products, of allowing factory-made products to be sold via the site as well. (20 marks)**

- Factory-made products are likely to benefit from economies of scale and so lower costs, as well as more reliable quality than handmade
- These factors would make it hard for handmade producers to compete
- The nature of the goods for sale on the website would change, and the target customer would be different from those originally targeted by Etsy – the market would move from being a niche market to a more mass-market

#### *Potential counterbalance*

- Etsy's USP may mean that buyers who are drawn to the 'craft' reputation of Etsy as a marketplace may be prepared to pay a premium in return for knowing that their goods are NOT factory made
- May have little effect as the scale of home-based output will be very small, so as long as some buyers still prefer to buy the handmade items, there may continue to be enough demand for their goods