Building an Etsy Economy: The New Face of Creative Entrepreneurship
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Etsy is a marketplace where millions of people around the world connect, both online and offline, to make, sell and buy unique goods. Etsy was founded in June 2005 and now connects buyers and sellers in nearly every country.

Our 2014 survey of Australian Etsy sellers, coupled with ongoing interactions with our seller community, demonstrates that Etsy supports an emerging type of creative entrepreneur. These sellers pursue their passions, work for themselves, and define success on their own terms. Individually their businesses may be small, but together they offer the promise of a more values-led, people-centered approach to life, business and the broader economy.

**Etsy democratises access to entrepreneurship.**
Etsy sellers are predominantly female—94% are women. They are more than twice as likely to be young adults (under age 35) as other Australian business owners.1 Many are parents with children at home and 27% have weekly household income under $800. Nearly half (49%) of all sellers had never sold their goods until they sold them on Etsy. By making it easy to buy and sell goods, Etsy makes entrepreneurship lower-risk and accessible for these populations.

**Etsy sellers run businesses in their own right.**
Two-thirds (66%) of Etsy sellers consider their shops to be businesses, and 26% focus on their creative businesses as their sole occupation. This business mindset is also reflected in Etsy sellers’ aspirations—93% wish to grow their sales in the future.

**Etsy sellers are self-reliant.**
Most Etsy sellers manage every part of their business themselves. The vast majority of sellers work alone from home, and most handmade sellers are self-taught. Of the 71% who required capital to start their businesses, 91% relied on their own personal savings, and less than 1% obtained a loan.

**Etsy sellers personify a new paradigm for business.**
Etsy sellers have ambitions to grow their businesses, yet they wish to do so in a way that furthers their personal values. Personal fulfilment and enjoyment often play a key role in the decision to start a creative business. They also want their business to have a positive impact on the world—70% of sellers agree that growing their businesses sustainably and responsibly is important to them.

**Income from their creative businesses matters.**
For 26% of Etsy sellers, their creative business—both on and off Etsy—is their sole occupation. For the rest, their creative business supplements other jobs, contributing an average of 14% to total household income overall. This money makes a difference—38% use this income for necessary household expenses.

**Implications for public policy.**
Although Etsy sellers differ from traditional entrepreneurs in many ways, they are emblematic of larger shifts in the economy towards self-employment and micro-business. Most are businesses of one, and face very different challenges from even a five-or ten-person enterprise. Government and regulatory agencies should enact policies that support sellers’ efforts to start and grow their creative businesses, enabling the broader maker economy to thrive.
Etsy sellers represent a new face of entrepreneurship

Unlike the majority of Australian enterprises, the Etsy seller community is predominantly female, with women accounting for 94% of all Etsy sellers. This is almost three times the number of women-owned businesses in Australia, where only a third of business operators are female. Etsy helps women create businesses that not only enable them to earn income, but also offer flexibility and an outlet for their creative passions.

While in aggregate, sellers are more likely than the general population to be university educated (67%), Etsy creates opportunities for other populations who may not be as well served by traditional entrepreneurial models. More than a third (39%) of Etsy sellers are under 35, more than twice that of other Australian business operators. Further, more than a quarter (27%) of Etsy sellers earn less than $800 per week, and in the aggregate have slightly lower than average weekly household income ($1,138).

Etsy enables sellers to get their creative businesses off the ground without the barriers traditionally associated with launching a business. For 49% of sellers, Etsy was the first place they sold their goods, a figure that rises to 63% among those under 35. In this sense, Etsy functions as an on-ramp to entrepreneurship, creating opportunities for many people who might not otherwise have started a business.

AUSTRALIA ETSY SELLER DEMOGRAPHICS

<table>
<thead>
<tr>
<th>Key Demographics</th>
<th>Etsy Sellers</th>
<th>General Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median age (years)</td>
<td>37</td>
<td>37.3^4</td>
</tr>
<tr>
<td>Gender (% female)</td>
<td>94%</td>
<td>50%^5</td>
</tr>
<tr>
<td>Education (% university grad or more)</td>
<td>67%</td>
<td>24%^6</td>
</tr>
<tr>
<td>Median household income</td>
<td>$1,138</td>
<td>$1,442^7</td>
</tr>
<tr>
<td>Urban (%)</td>
<td>73%</td>
<td>89%^8</td>
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Etsy sellers run businesses in their own right

While many Etsy sellers started their shops as an outlet for creativity or continue to hold day jobs, their entrepreneurial spirit is undeniable—66% consider their Etsy shop a business. To support their creative business, over a third of all sellers (35%) have prepared a business plan and 34% have opened a business bank account. For 26%, their creative business—both on and off Etsy—is their sole occupation.

This business mindset is also reflected in a desire for future growth among Etsy sellers. The overwhelming majority—93%—would like to grow their creative business in the future, and nearly 8 in 10 reinvest a portion of their earnings back into their business.
Jacqueline Chan
Whimsymilieu.etsy.com
Orange, NSW

“I currently run my creative business full time. It is definitely an enjoyable and fruitful experience. I get to utilise my creativity, learn many new skills (both creative and business), solve problems and challenges along the way, and meet like-minded people who are passionate about what they do.

Besides having the freedom to materialise my ideas and designs, it is also a more flexible option for me in the long run, as I look forward to being able to work from home when I have children in the future and also the flexibility to frequently visit my family who are overseas.”
Etsy sellers are self-reliant

The majority of Etsy sellers start their creative businesses without help. They don’t need formal training or conventional financing to get off the ground—82% of handmade sellers are self-taught in their craft, and of the 71% who needed some startup capital, 91% relied on their own savings. Less than 1% of all sellers took out a loan.

Once launched, most Etsy sellers continue to manage their creative businesses on their own—94% run their Etsy shop alone, and 96% operate their businesses from their homes, compared to just 19% of business operators nationwide. Only 7% of Etsy sellers have help running their business, much of which is from unpaid friends or family—just 3% of Etsy sellers have paid help.

Working alone, many Etsy sellers manage every aspect of running a business, including marketing, bookkeeping, and customer service. For every hour that they spend making and designing their products, they spend almost another hour on business and administrative tasks.
“Since arriving back from travelling we always wanted to work for ourselves. I was keen to stay away from 9 - 5 work especially now that we have a family. We started our furniture design and manufacturing business in 2007. Each piece is hand-made to order in our Adelaide workshop and then distributed throughout Australia. Local production allows us to monitor and control every element of the build. Using quality materials and made by experienced local craftspeople each piece is special, something we are very proud of. All income is put back into the business so we do not see it directly in our pockets. As we are getting busier we are expanding, taking on staff and contractors so all profits go into growing.”
Etsy sellers personify a new paradigm for business

Etsy offers an alternative to traditional retail models, which it sees as offering low cost high volume prioritisation, instead focusing on celebrating sellers’ success on their own terms and supporting sustainable growth.

In many ways, Etsy sellers represent a new approach to business, where autonomy and independence matter just as much as, if not more than, the bottom line. Many want to keep their business at a scale they are able to manage themselves, with 73% saying they are not looking to employ any more people and 72% saying they would not consider taking out a loan to expand their business. Yet they are ambitious—93% of Etsy sellers want to grow their business, and 57% would consider selling goods wholesale or on consignment. One in two (58%) would consider scaling their business operations, for example by purchasing new equipment (33%), using outside manufacturing (20%), or renting or acquiring additional space (39%). At the same time, they wish to grow responsibly. Of those who wish to grow their business, 71% agree that being sustainable and responsible is important to them.
Joyjoie was my life-raft out of a corporate world. It was near the end of my year-long maternity leave that I opened my Etsy shop. It is now a critical part of our household income, allowing me to contribute to the family budget as well as sustaining the business with consumables (fabric), capital investments (computers, sewing machines etc) and it has also enabled me to continue my creative pursuits through paying for me to take on further study. Never in my wildest dreams would I have imagined running my own business but now that I do I cannot imagine life any other way.

Suzy Naidoo
joyjoie.etsy.com
Sydney, NSW
Etsy sellers are building mindful, responsible, values-driven businesses

While income plays an important role in Etsy sellers’ decisions to start a creative business, more sellers cite personal factors than financial drivers as their main motivation.

When asked about motivations for starting their creative business, 54% of sellers said supplemental income was a motivating factor. Further, 19% cited a desire for greater financial independence, 16% wanted to provide financial support for their families, and 10% had plans to save for the future.

Yet personal fulfillment plays an even larger role in Etsy sellers’ motivations. In total, 85% cited creativity as a motivating factor. In addition, over 7 in 10 (71%) sellers said wanted to do something they enjoy, either as a main job or in their spare time, and a third (34%) of sellers started their creative business to fulfill a personal dream. Overall, almost two-thirds (65%) agreed that doing something they enjoy is more important than making money.

Sellers are driven by more than personal opportunities. Almost two-thirds (65%) of Etsy sellers say it is important that their business has a positive impact on the world. This translates to real opportunities on a local level, with 52% saying that local manufacturing and sourcing of materials is important to their business. This bears out in Etsy’s own experience. As of June 30, 2015, 4645 sellers worldwide had been approved to work with outside manufacturing partners on Etsy, resulting in 7853 partnerships. 85% of those relationships are between sellers and manufacturers in the same country.10

Etsy sellers also take a collaborative approach to building their businesses. Over three-quarters (77%) have interacted with other Etsy sellers, citing factors including business advice, networking, and emotional support among the reasons they connect with others in the community. Etsy sellers also self-organize into mutual support groups online, forming over 10,000 Etsy Teams around the world. A quarter of Etsy sellers worldwide are on a Team, providing local support and opportunities to collaborate with each other.11
Rose Miller
wolfgangandrose.etsy.com
Sydney, NSW

“I am really happy and excited about running my creative business using Etsy as my platform. I was self employed as a full time fine artist before becoming a stay at home mum. This work required me to rely on commercial gallerists who had control over exhibiting, promoting and selling my artwork. Etsy gives me the independence to decide how I want to promote and sell my art, as well as giving me analytic insight to my target clientele. Having Etsy’s global platform and audience to connect with has expanded the possibilities of my creative business. I am happy to say that my creative business has had a positive impact on my household income.”
Creative business income matters

For 26% of sellers, their creative business is their sole occupation. For the rest, Etsy shops provide a meaningful source of supplemental income. On average, sellers report that their creative business—both on and off Etsy—contributes 14% of their yearly household income. Notably, 38% of sellers use creative business income to pay for household expenses, and 14% for rent or mortgage payments.

This income matters, particularly to the 27% of Etsy sellers who earn less than $800 per week. For this group, income from their creative business makes up 20% of their entire household income. The latest ACOS data shows that the percentage of Australians living under the poverty line is growing, increasing from 13% in 2010 to 14% in 2012. With 2.5 million Australians living below this threshold, enabling lower earning households to supplement their income through their own business ventures is an important step in helping them achieve financial stability.

Supplemental income makes a difference in sellers’ lives, but its value changes depending on their circumstances. Younger sellers aged 18-24 are more likely to save income from their creative business, with twice as many (46%) putting their earnings into savings compared to sellers generally (23%), and 15% using it to fund their education. Meanwhile, sellers with children at home are more likely to say that their creative businesses enable them to support their family financially (19%).

For the 29% of sellers who had no paid employment prior to starting their business, or currently lack paid employment, entrepreneurship could be their best opportunity to earn income.

In many ways, Etsy sellers are also part of a larger trend towards independent work and self-employment. The Australian Taxation Office (ATO) estimates that there were around 3 million micro entities in Australia at the start of the 2012-13 financial year, up from around 2.8 million micro entities at the start of the 2011-12 financial year. Over half of Etsy sellers (58%) also ‘work independently’ (either their creative business is their sole occupation, they are self-employed in other ways, they work part-time, or they are temps). Like many ‘independent workers’, Etsy sellers are combining income from multiple sources. The majority—58%—have a job outside of their creative business, and only 26% of all Etsy sellers have full-time employment. Etsy sellers represent an encouraging response to these economic trends, establishing independent creative businesses that diversify sources of income and help build resilience in the face of broader insecurities.

2014 EMPLOYMENT AMONG ETSY SELLERS

<table>
<thead>
<tr>
<th>Independent Workers</th>
<th>58%</th>
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<tbody>
<tr>
<td>Creative Business</td>
<td>26%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>10%</td>
</tr>
<tr>
<td>Part-time</td>
<td>17%</td>
</tr>
<tr>
<td>Temps</td>
<td>5%</td>
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</tbody>
</table>
“We always wanted to run a business or a shop together. We love the flexibility and low-risk of having an online shop with Etsy. Running our creative business allows us the chance to be creative, to make things that are unique and affords us the flexibility of choosing our hours to fit around our family life. Traditional employment didn’t offer that.”

Jules and Jon Sutton
sconnieandjam.etsy.com
Brisbane, QLD
Opportunities to Support the Maker Economy

Although Etsy sellers differ from traditional entrepreneurs in many ways, they are emblematic of larger shifts in the economy. Most are businesses of one, and face very different challenges from even a five- or ten-person enterprise. Operating in grey areas between amateur and professional, business and worker, consumer and provider, they are inconsistently captured in government statistics and poorly understood by policy makers.

This study, coupled with Etsy’s ongoing interactions with its seller community, has deepened our understanding of the particular challenges creative entrepreneurs face. To enable a people-powered economy to flourish, governments should enable micro-entrepreneurship, support small-scale commerce, and foster economic security for all.

**Preserve net neutrality**

Etsy sellers depend on a free and open Internet to access the global e-commerce market and compete on equal terms with bigger companies. We believe that the basic principle of net neutrality should be safeguarded, and we encourage policy makers to adopt clear rules that allow any to compete on an even playing field online.

**Reduce barriers to cross-border trade**

Etsy sellers operate global businesses, but face major barriers to selling goods across borders. Harmonising rules for online players, increasing de minimis customs and duties exemptions, and improving the transparency, interoperability, and cost of shipping across borders will enable more individuals to build businesses online.

**Simplify tax and regulatory compliance for micro-businesses**

Collecting and remitting tax remains a major challenge for Etsy sellers, and makers often struggle to learn about the regulations that govern their businesses. Yet they are hungry to comply with the rules. Regulatory agencies should conduct direct outreach to micro-businesses, create user-friendly educational tools, and ease compliance burdens. In particular, micro-businesses should be exempt from the requirement to collect and remit GST on digital goods.

**Support micro-business growth and development**

Most Etsy sellers are sole traders running their businesses out of their homes. Individually they may be small, but together they represent significant economic activity and opportunity. We support partnerships between governments and platforms like Etsy to help SMEs succeed, for example by providing simple tools to help them learn about and comply with the laws that apply to their businesses and products, and by developing programs that help them manage the challenges of self-employment.

**Expand entrepreneurial opportunities for women**

The vast majority of Etsy sellers are women. We encourage efforts to empower women in the digital age, and to ensure that the opportunities of the digital market are widely available through entrepreneurship training and support services, to improve skills employability and competitiveness.
Methodology

A representative sample of 770 active Australian Etsy sellers completed an online survey from 4th December 2014 - 5th January 2015.

End Notes


10 Etsy internal data

11 Etsy internal data


13 Data calculated based on aggregate of full-time sellers who had no paid employment prior to starting their business and part-time sellers who currently have no paid employment.
