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**NEW OPPORTUNITIES FOR  
US MANUFACTURING:  
PARTNERING WITH INDEPENDENT  
CREATIVE BUSINESSES**

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Etsy

# NEW OPPORTUNITIES FOR US MANUFACTURING: PARTNERING WITH INDEPENDENT CREATIVE BUSINESSES

Etsy is an online marketplace where more than one million independent creative businesses connect directly with buyers from around the world. In 2013, these creative businesses generated over \$1.35 billion in sales.

These businesses make a wide range of items, from jewelry to furniture to clothing, and often start out as home-based, solo operations. Previous research has shown that the vast majority of Etsy sellers (91%) aspire to grow their sales in the future.

We recently conducted a survey of 2072 established US-based Etsy sellers to better understand how they want to grow their businesses.

In order to grow, Etsy sellers consider a range of strategies, among these manufacturing. A manufacturer who works with an Etsy seller includes any outside business who produces goods that Etsy sellers have designed. These could be solo makers or established businesses.

While only a small percentage of Etsy sellers are currently working with a manufacturing partner, over half (55%) are partnering, have considered, or would consider such partnerships. Creative businesses that work with manufacturers tend to sell goods through multiple channels, including Etsy, other online venues, and wholesale, among others. The vast majority of sellers working with manufacturers (92%) said they employed this help year-round, not seasonally.

These creative businesses represent high demand in the coming years for manufacturers in a range of industries, including printing, 3D printing, casting and plating, cutting and sewing, engraving, assembling, woodworking, and many other traditional and modern crafts.

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WORKING WITH MANUFACTURERS  
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## KEY FINDINGS

Our research suggests three main findings to help manufacturers work with this growing population of independent creative businesses.

### 1. RELATIONSHIP

Etsy is a marketplace fostering direct connection between buyers and sellers, and Etsy sellers are accustomed to the relationships that feature this direct exchange. When Etsy sellers partner, they seek to build direct, trusting relationships with manufacturers.

Having a good relationship with manufacturing partners was key to 97% of Etsy sellers using, considering, or open to considering manufacturing with an outside partner.

Ranked by importance, trust was the most oft-cited (80% of sellers) factor of forming relationships with partners, followed by being easy to work with over email (63%). Interestingly, only 35% of sellers said it was important to be easy to work with over the phone.

Additionally, 76% of Etsy sellers using, considering, or open to considering manufacturing ranked design protection as important, suggesting links to fostering this trust.

Location was also important to Etsy sellers surveyed. 89% of sellers surveyed who work with manufacturing partners do so with partners in the same country (the US).

Similarly, for those considering or open to manufacturing, but not yet using it, location was important to 85%, with 54% interested in working with someone within visiting distance. Seventy percent of sellers not yet using manufacturing also cared about partners whose values fit their own.

### 2. CRAFT

Etsy sellers are masters of their craft. They value specialty skills and a high level of quality in their partners, and, likewise, partnerships with Etsy sellers are opportunities for manufacturers to collaborate and innovate.

While creative businesses may explore working with outside partners for a variety of reasons, Etsy sellers

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## **92% MENTIONED FLEXIBILITY-ORIENTED CRITERIA IN THEIR LIST OF IMPORTANT CHARACTERISTICS FOR PARTNERS**

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using, considering, or open to considering manufacturing specifically mentioned special equipment (57%) or expertise they do not possess (46%) as key criteria. For example, in one seller's words: "I can do most of my own castings, but on occasion I needed an outside caster to do a certain piece. It's very hard to find small casting companies who can help another small business grow."

Similarly, for sellers who've considered manufacturing but do not currently work with a manufacturing partner, 60% ranked preserving the quality of their items as a key concern. For example, the same jeweler commented on the difficulty of "finding quality work for a single item production."

### **3. FLEXIBILITY**

While many Etsy sellers surveyed have been in business for years - about half for three or more years - some are new to working with manufacturing partners. Flexibility and openness to working with new businesses is key to developing these partnerships.

Those sellers already working with manufacturing partners have flocked to partners who are able to work with low minimum orders, with 85% currently able to order in minimums of 25 or less. This includes a high number of sellers working in minimums of one, and others at minimums of five, 10 or 25.

Similarly, a majority (76%) are working with partners who are able to produce on less than two weeks average turnaround.

For sellers not yet working with a manufacturing partner, 92% mentioned flexibility-oriented criteria in their list of important characteristics for partners, among these the ability to work with small order volumes (83%), willingness to work with a new business (60%), good return policies (48%), and flexible payment options (44%).

This was an online survey, conducted from July 31 - August 15, 2014. The sample was drawn from U.S. sellers with at least one active listing, one sale in the previous 12 months, in the top third of sellers by gross merchandise sales (GMS), and in good standing. 10,000 sellers were randomly selected from this population and invited by email to participate. Data were weighted to reflect the population of sellers invited to participate in the survey. The survey was developed and conducted by Etsy. Participation was anonymous and confidential.

### **REMAINING CHALLENGES - FUNDING AND FINDING PARTNERSHIPS**

While sellers in the Etsy community are eager to grow their creative businesses, they face other challenges when looking to scale responsibly. Funding and finding the right manufacturing partners are key among these.

For sellers who've considered manufacturing but do not currently work with a manufacturing partner, the following are the top barriers, after quality concerns:

- Not having enough money to invest up front (51%)
- Not being able to find the right partner (40%)

This suggests that flexible financing and clearer information about potential manufacturing partners would increase demand among Etsy sellers for manufacturing services.

For sellers currently working with manufacturing partners, sellers were similarly likely to find their partners online as through recommendations, about half and half. Multiple sellers shared that the close-lipped nature of the designer world limited their ability to acquire information about good partners.

The challenges of both funding and finding partnerships present opportunities for manufacturers who offer flexible payment options and who promote themselves transparently to the maker community.

### **SUMMARY**

The growing maker community presents an opportunity to existing manufacturers. The US-based Etsy sellers surveyed want to grow their businesses, and expect to do so in the near term. A majority of them are open to manufacturing partnerships as part of this growth.

Partners who emphasize relationship, craft and flexibility will be best positioned to serve these connected, nimble maker businesses.

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## **89% OF SELLERS SURVEYED WHO WORK WITH MANUFACTURING PARTNERS DO SO WITH PARTNERS IN THE SAME COUNTRY (THE US)**

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## CASE STUDY: LITTLE HERO CAPES AND FALL RIVER APPAREL



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*Allison Faunce built such a successful children's cape business on Etsy, she couldn't keep up with orders. She wanted to scale production, but still retain the heart and quality of her handmade work. So Allison reached out to a struggling local textile mill that was on the verge of shutting down. The relationship Allison has been able to build with the husband-and-wife owners of the mill is intimate and symbiotic, an inspiring example of local design and manufacturing collaboration.*

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The hardest part was “letting go.” As an artist, I think it is natural to want complete control over the creation process. We feel our hands must physically be in it, to have ownership over a business, to call it our own. The idea of using someone else for production at first seemed almost unnatural. Handmade, by me, was so much at the center of my business that I didn't see how I could ever scale.

It wasn't until I was nine months pregnant, pulling all-nighters, turning away time with family and friends, even turning away orders, and becoming someone who was stressed, overwhelmed, and tired all the time that I realized I needed to take a bird's eye view of my business. In taking this step back and examining my

values, I realized that handmade defines all aspects of my business, not just production. It carries over into how I treat my customers, the attention to the product, as well as the intentionality of how I market my business. If trying to always keep my hands in the actual creation led me to not handling my customers with care, cutting corners, comprising integrity, or allowing my business to not properly be represented, was I truly creating a handmade experience?

When I could see this broader vision of handmade, I finally felt emotionally ready not to let go, but bring on other hands. The act of finding a manufacturing partner was actually a more seamless process than most because of the fortune I had of living in an old textile town. When visiting the factories, I could see the potential but also the abandon, the remnants of production which were no longer producing.

The challenges seem minimal compared to the reward I have had working with Fall River Apparel. However, there was a learning curve for both of us. Going from cutting out capes on my living room floor to a 50-foot state-of-the-art die cutting machine meant some things had to be refined: official patterns needed to be made, more streamlined processes outlined. If it were not for the help and patience of Jimmy, the owner of Fall River Apparel, I could easily see how this gap between the homemade to mill made could have easily swallowed up the chance to work with a manufacturer. He has been a great liaison between where I was when I first walked into his manufacturing business and where I wanted to be.

Not only has this business affected the future of my own family's finances, but it has also rippled out into the families of Fall River Apparel's workers. Sewing machines are humming again simply because I didn't give up on finding a way to scale my business while keeping it personal and locally grown.

Handmade, cottage industries can grow into successful, thriving, fruitful businesses and jobs if enough people believe there is a way.

**ALLISON FAUNCE OF LITTLE HERO CAPES**  
**LITTLEHEROCAPES.ETSY.COM**  
**SOMERSET, MA**