

Amazon challenges Etsy with Handmade at Amazon

October 8 2015, by Mae Anderson



This Sept. 28, 2011, file photo shows the logo for Amazon during a news conference, in New York. Amazon is launching its site for handcrafted goods called Amazon Handmade on Thursday, Oct. 8, 2015, hoping to capitalize on shoppers' appetite for homemade goods ahead of the holiday season. (AP Photo/Mark Lennihan, File)

Amazon is launching its site for handcrafted goods called Handmade at Amazon on Thursday, hoping to capitalize on shoppers' appetite for

homemade goods ahead of the holiday season.

The move throws down the gauntlet to craft-selling site Etsy. But at least at the time of launch, the two sites will have a very different seller base, fee structure and stances on manufacturing.

Amazon started offering invitations in May to join Handmade, giving sellers access to Amazon's 285 million shoppers. The Seattle-based retailer says the site, which will carry everything from \$30 walnut cufflinks from Australia to \$325 handmade quilts from Wisconsin, sprang from customer feedback and site searches for crafty items.

"We had thousands of searches every day from customers looking for handmade or handcrafted items," said Peter Faricy, vice president for Amazon Marketplace.

That focus also pits it directly against Etsy Inc., which started 10 years ago as a marketplace for homemade goods and went public in April. But they're a bit different in size and scope.

At launch, Handmade at Amazon will include about 5,000 sellers from 50 states and 60 countries offering 80,000 items. Amazon takes a 12 percent fee from overall sales made by Handmade at Amazon sellers and includes payment processing, discounted shipping and access to other Amazon services. There's no listing fee or monthly fee to start.

In contrast, New York-based Etsy has 1.5 million sellers and 21.7 million buyers as of June 30. It takes a 3.5 percent fee on overall sales and a 20 cent listing fee per item listed.

They also differ in terms of manufacturing policy. Amazon says sellers have to fill out an online application to be approved to sell on the site and all items sold on the site must be "factory-free" and not made by

manufacturers.

New York-based Etsy, on the other hand, started letting some merchants apply to use manufacturers for some products in 2013. In September, Etsy said it was creating a new Etsy manufacturing marketplace to make it easier for its sellers to find "responsible production assistance."

Manufacturers can apply to be part of the program and Etsy approves them based on certain criteria.

The divide on manufacturing highlights the challenge that platforms for handmade craft sellers face: They want to preserve the personal nature of handmade goods but also help their sellers (and themselves) grow and make more money.

Etsy CEO Chad Dickerson said Etsy Manufacturing grew out of trying to help sellers that have reached a point where they need outside help to grow.

"It's really about providing access to values-aligned producers, often in the sellers' own community," he said.

As far as competing against Amazon, Dickerson said that about half of Etsy sellers already sell via multiple venues, and of those sellers, Etsy is still usually their primary source of income.

"We believe that Etsy is the best platform for the creative entrepreneur," he said. "Etsy has a decade of experience understanding the needs of artists and sellers and supporting them in ways that no other marketplace can."

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