Research offers advice to Etsy merchants: If you like what you do, charge more for it

June 18 2024

Researchers from Lehigh University, Tilburg University, and Northwestern University have identified a novel cue consumers interpret as a signal of quality in peer-to-peer marketplaces: "production enjoyment," or how much a seller enjoys making a product or providing a service.

Their extensive study, published in the Journal of Marketing, revealed that buyers interpret production enjoyment as a signal of a high quality product or service and are willing to pay up to 10% more for goods and services with high production enjoyment.

"Buyers interpret production enjoyment as a signal of a high quality product or service. After all, someone who enjoys making jewelry or loves painting probably spends more time and focus on it than someone who does not enjoy their production process," said Danny Zane, associate professor of marketing at Lehigh.

"When buyers learn of this enjoyment, then, they presume the product/service is high quality and are therefore willing to pay more for it, even compared to other signals of quality, such as efficiency and effort."

- Production enjoyment is a particularly valuable cue in peer-to-peer marketplaces, where other cues such as brand power are less present and it's more clear that the same person is both making and selling the item or providing the service.
The effect of production enjoyment is enhanced in settings when the product or service also requires a high level of skill. In addition to increasing buyers' willingness to pay, signaling high production enjoyment in online ads was shown to produce 40% higher click-through rates, increasing general buyer interest in sellers' wares.

Despite consumers' willingness to pay more for products and services with high production enjoyment, sellers are failing to capitalize on this cue.

- The researchers found less than 1% of Etsy seller profiles signal production enjoyment.
- Further, they found that sellers often charge less for products and services they enjoy producing, in some cases up to 15%.

Zane advises Etsy sellers, Upworkers, Fiverrs, and other merchants interested in maximizing profits to rethink their pricing strategies.

"Don't sell yourself short. While they might already feel like they are getting some inherent value from doing something they really enjoy for work, sellers shouldn't allow this to lead them to demand less monetary compensation. In fact, they might be able to profit most from the products and services they enjoy producing the most by pricing them at a slight premium," Zane said.
