



## Building an Etsy Economy: The New Face of Creative Entrepreneurship

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Etsy

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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 Canadian 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 democratizes access to entrepreneurship.**

Etsy sellers are predominantly female—91% are women. They are much more likely to be young adults (under age 30 - 22%) as other Canadian SME owners (2%)<sup>1</sup>. Many are parents with children at home and 30% have household income under \$50,000. Over two-fifths (42%) 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.**

Just under three-quarters (72%) of Etsy sellers consider their shops to be businesses, and 29% focus on their creative businesses as their sole occupation. This business mindset is also reflected in Etsy sellers' aspirations—91% 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 68% who required capital to start their businesses, 83% relied on their own personal savings, and only 3% 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—73% of sellers agree that growing their businesses sustainably and responsibly is important to them.

## **Income from their creative business matters.**

For 29% 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 15% to total household income overall. This money makes a difference—43% 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 traditional Canadian enterprises, the Etsy seller community is predominantly female, with women accounting for 91% of all Etsy sellers. This is more than five times the number of small businesses owned by women in Canada, where only 16% of small business owners are female<sup>2</sup>. 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 (Bachelor's degree or higher, 46%), Etsy creates opportunities for other populations who may not be as well served by traditional entrepreneurial models. More than a fifth (22%) of Etsy sellers are

under 30, compared with just 2% of other Canadian SME owners.<sup>3</sup> Further, 3 in 10 (30%) Etsy sellers earn less than \$50,000 per year and overall have slightly lower than average household income (\$62,590).

Etsy enables sellers to get their creative businesses off the ground without the barriers traditionally associated with launching a business. For 42% of sellers, Etsy was the first place they sold their goods, a figure that rises to 59% among those under 30. In this sense, Etsy functions as an on-ramp to entrepreneurship, creating opportunities for many people who might not otherwise have started a business.

## CANADA ETSY SELLER DEMOGRAPHICS

Key Demographics	Etsy Sellers	General Population
Median age (years)	37	41.7 <sup>4</sup>
Gender (% female)	91%	51% <sup>5</sup>
Education (% Bachelor's degree or higher)	46%	26% <sup>6</sup>
Median household income	\$62,590	\$65,200 <sup>7</sup>
Urban (%)	73%	82% <sup>8</sup>

# 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—72% consider their Etsy shop a business. To support their creative business, more than a third of all sellers (35%) have prepared a business plan and 32% have opened a business bank account. For 29%, 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—91%—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.





**Craig Forget**  
[craigforget.etsy.com](http://craigforget.etsy.com)  
Windsor, Ontario

"After working in finish carpentry for 12 years I had to make a change in the type of work I was doing; the heavy lifting and repetitive movements were damaging my body. I have always taken pride in the quality and creativity of my work and decided to extend this into a new online artwork venture.

Running my own business has given me the freedom to work as much or as little as I want and Etsy specifically has provided me even more freedom with than when I was a finish carpenter. Since my reclaimed wood artwork is my full time job, it is how I support my family; including my wife and baby girl. I put time into my shop almost every day of the year. If I am not building artwork, then I am answering emails, updating listings and packaging my pieces."

# Etsy sellers are self-reliant

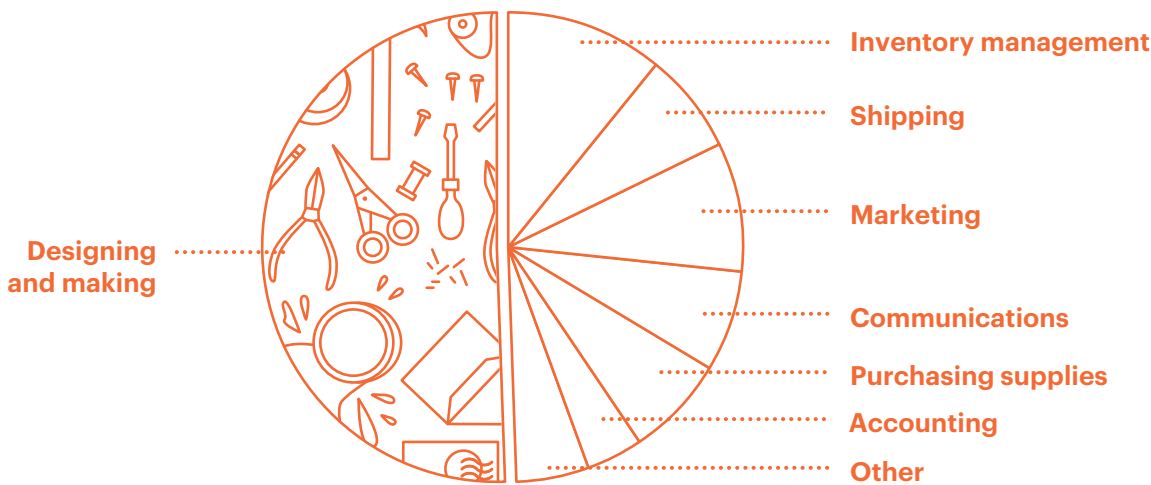
The majority of Etsy sellers start their creative businesses without help. They don't need formal training or conventional financing to get off the ground—79% of handmade sellers are self-taught in their craft, and of the 68% who needed some startup capital, 83% relied on their own savings, and only 3% took out a loan.

Once launched, most Etsy sellers continue to manage their creative businesses on their own—88% run their Etsy shop alone, and 96% operate their businesses from their homes, compared to 60% of self-employed workers nationwide<sup>9</sup>. Only 12% of Etsy sellers have

help running their business, much of which is from unpaid friends or family—just 5% 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.

## HOW AN ETSY SELLER SPENDS HER TIME





Sarah Norwood  
[ohhhhlulu.etsy.com](https://ohhhhlulu.etsy.com)  
Orillia, Ontario

"The minute I discovered Etsy, I knew I had found my niche! Thanks to Etsy, I'm able to live and work in the small town I love while running a successful, creative business. One of the things I value most about my shop is the freedom to manage my own time, which is especially important now that we have a new baby.

It's nice to be able to stay home with my daughter and watch her grow, while maintaining my career and the money it brings. My business provides half of our family's income, so we really rely on it for everything from paying the mortgage to our annual summer camping trip!

Being an independent designer is a lot of work, but doing what you are passionate about every day is so fulfilling, and is worth the effort! As well, one of the things I love about Etsy as a venue is the supportive seller community. We all celebrate each other's success and help each other when we're down. It's a great atmosphere and it takes some of the scariness out of running your own business!"

# Etsy sellers personify a new paradigm for business

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Etsy offers an alternative vision of commerce that celebrates sellers' success on their own terms and supports 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 68% saying they are not looking to employ any more people and 63% saying they would not consider taking out a loan to expand their business.

Yet they are ambitious—91% of Etsy sellers want to grow their business, and 52% would consider selling goods wholesale or on consignment. One in two (55%) would consider scaling their business operations, for example by purchasing new equipment (29%), using outside manufacturing (16%), or renting

or acquiring additional space (38%). At the same time, they wish to grow responsibly. Of those who wish to grow their business, 76% agree that being sustainable and responsible is important to them.

Additional studies demonstrate that trends in small-batch manufacturing are making it easier for creative entrepreneurs to scale their operations in a sustainable way. Specifically, it is becoming easier for creative entrepreneurs to gain access to technologies that would previously have been out of reach. Tool and knowledge sharing, and 3D printing, are being facilitated by the growth of shared maker spaces in libraries and other community hubs across Canada, making these technologies accessible to many more people.<sup>10</sup>





**Yusuke Akai**  
[akaiceramicstudio.etsy.com](https://akaiceramicstudio.etsy.com)  
Toronto, Ontario

"Many artists I would meet at craft shows over the years recommended that I open a shop on Etsy. While my ceramic shop is not currently a full-time business, Etsy has provided other great opportunities such as the annual Etsy: Made in Canada market and the 2014 Unwrap Etsy Holiday Pop Up which both resulted in great sales! As well, the creative community found on Etsy has encouraged me to focus on my business in the future. I really enjoy the conversations about my ceramic products with Etsy customers across the world."



# Etsy sellers are building mindful, responsible, values-driven businesses

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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, 60% of sellers said supplemental income was a motivating factor. Further, 23% cited a desire for greater financial independence, 19% wanted to provide financial support for their families, and 11% had plans to save for the future.

Yet personal fulfilment plays an even larger role in Etsy sellers' motivations. In total, 79% cited creativity as a motivating factor. In addition, three-quarters (75%) of sellers said they wanted to do something they enjoy, either as a main job or in their spare time, and a third (37%) of sellers started their creative business to fulfill a personal dream. Overall, over two-thirds (68%) agreed that doing something they enjoy is more important than making money.

Sellers are driven by more than personal opportunities. Almost two-thirds (64%) 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 59% saying that local manufacturing and sourcing of materials is important to their business. These trends bear 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.<sup>11</sup>

Etsy sellers also take a collaborative approach to building their businesses. Over 8 in 10 (82%) 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.<sup>12</sup>



Isabella Di Sclafani  
[isabelladisclafani.etsy.com](https://isabelladisclafani.etsy.com)  
Montréal, Québec

"I opened my Etsy shop because I needed an outlet that would allow me to show and sell my artwork. Before starting my shop, I felt isolated and not connected to the art scene here in Montreal or anywhere else for that matter. Today, the internet allows an artist to reach a wide international audience. It's also very empowering for me as an artist that I can have full control over every aspect of my shop and my artwork. And be as creative and flexible as I want to be with both.

Everyone in my family celebrates each Etsy sale with me because they know it directly contributes to our quality of life as a family and it fulfills me as an artist. My Etsy sales represent a direct connection with other people worldwide who enjoy and appreciate my work.

Being my own boss and having creative control over what I do makes me want to scream out loud for joy! It's the best feeling in the world. Growing up, my dad owned various businesses throughout the years and I remember helping him on Saturdays and during the summers at his store. Seeing my dad be his own boss set the example for me and today, I'm very proud to own an Etsy shop."

# Creative business income matters

For 29% 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 15% of their yearly household income. Notably, 43% of sellers use creative business income to pay for household expenses, and 17% for rent or mortgage payments.

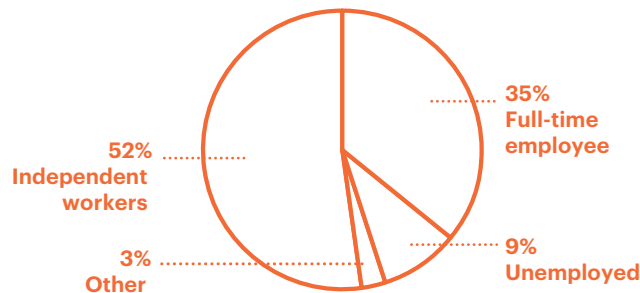
This income matters, particularly to the 30% of Etsy sellers who earn less than \$50,000 per year. For this group, income from their creative business makes up 22% of their entire household income. The latest Statistics Canada data shows that 8.8% of Canadians live on less than the Low Income Cut-Off (After Tax).<sup>13</sup> 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 (55%) putting their earnings into savings compared to sellers generally (25%), and 15% using it to fund their education. Meanwhile, sellers with children at home are more likely to use this income for household expenses (50%) and say that their creative businesses enable them to support their family financially (29%).

For the 21% of sellers who had no paid employment prior to starting their business, or currently lack paid employment,<sup>14</sup> entrepreneurship could be their best opportunity to earn income. These sellers are diverse: 31% are unemployed, 29% are retirees, 20% are students, 12% are homemakers, and 2% are ill or disabled.

In many ways, Etsy sellers are also part of a larger trend towards independent work and micro-business. For example, start-up size in Canada is declining, and many self-employed individuals are choosing to remain businesses of one.<sup>15</sup> Over half of Etsy sellers (52%) 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 35% 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



Independent Workers	52%
Creative Business	29%
Self-employed	9%
Part-time	12%
Temps	2%





Laura Watt

[cubits.etsy.com](http://cubits.etsy.com)

Urban Garden in Toronto, Ontario

& Farm in Prince Edward County, Ontario

“After years of gardening in urban environments and saving seeds for friends, Cubit’s Seed Company organically grew from an all encompassing hobby to a full blown business. We started selling online in 2009, quickly joined Etsy and starting seeing results immediately.

I work on Cubit’s full time, and the income I earn on Etsy allows me to contribute a fair share to our household income while giving me the freedom to stay home with my children. I am able to do most of my work while they are at school or in the evenings. Having a farm for seed production benefits our family as well as our business. In the summer our city born kids spend their entire summers outside chasing bugs, digging holes and eating straight out of the gardens. They are happy to work alongside us at our small farm in Prince Edward County and are expert tomato pickers.

I always had the idea of quitting my day job and was excited when the opportunity to run my own business presented itself. I started working on the first business plan for Cubit’s the day I left my last job and haven’t looked back.”

# Opportunities to Support the Maker Economy

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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 gray 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. Harmonizing 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.

## **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. For example, Etsy's Craft Entrepreneurship program teaches unemployed and underemployed adults (mostly women) how to monetize their creative skills online, using Etsy as a learning lab.



# Methodology

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A representative sample of 1,256 Canadian Etsy sellers completed an online survey from 5th December 2014 - 5th January 2015.

## End Notes

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- <sup>1</sup> Statistics Canada, Survey on Financing and Growth of Small and Medium Enterprises (2011) [https://www.ic.gc.ca/eic/site/O61.nsf/vwapj/KSBS-PSRPE\\_August-Aout2013\\_eng.pdf/\\$FILE/KSBS-PSRPE\\_August-Aout2013\\_eng.pdf](https://www.ic.gc.ca/eic/site/O61.nsf/vwapj/KSBS-PSRPE_August-Aout2013_eng.pdf/$FILE/KSBS-PSRPE_August-Aout2013_eng.pdf)
- <sup>2</sup> Statistics Canada, Survey on Financing and Growth of Small and Medium Enterprises (2011) [https://www.ic.gc.ca/eic/site/O61.nsf/vwapj/KSBS-PSRPE\\_August-Aout2013\\_eng.pdf/\\$FILE/KSBS-PSRPE\\_August-Aout2013\\_eng.pdf](https://www.ic.gc.ca/eic/site/O61.nsf/vwapj/KSBS-PSRPE_August-Aout2013_eng.pdf/$FILE/KSBS-PSRPE_August-Aout2013_eng.pdf)
- <sup>3</sup> Statistics Canada, Survey on Financing and Growth of Small and Medium Enterprises (2011) [https://www.ic.gc.ca/eic/site/O61.nsf/vwapj/KSBS-PSRPE\\_August-Aout2013\\_eng.pdf/\\$FILE/KSBS-PSRPE\\_August-Aout2013\\_eng.pdf](https://www.ic.gc.ca/eic/site/O61.nsf/vwapj/KSBS-PSRPE_August-Aout2013_eng.pdf/$FILE/KSBS-PSRPE_August-Aout2013_eng.pdf)
- <sup>4</sup> CIA World Factbook (2015) [https://www.cia.gov/Library/publications/the-world-factbook/geos/print/country/countrypdf\\_ca.pdf](https://www.cia.gov/Library/publications/the-world-factbook/geos/print/country/countrypdf_ca.pdf)
- <sup>5</sup> Statistics Canada, 2011 National Household Survey (2011) <http://www12.statcan.gc.ca/nhs-enm/2011/dp-pd/dt-td/Rp-eng.cfm?LANG=E&APATH=3&DETAIL=0&DIM=0&FL=A&FREE=0&GC=0&GID=0&GK=0&GRP=1&PID=106732&PRID=0&PTYPE=105277&S=0&SHOWALL=0&SUB=0&Temporal=2013&THEME=98&VID=0&VNAMEE=&VNAMEF=>
- <sup>6</sup> General population figure is based on Adults 25+. The Etsy figure remains the same (46%) regardless of when it is based on all respondents, or just respondents aged 25+. Statistics Canada, 2011 National Household Survey (2011) <http://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-012-x/2011001/tbl/tbl01-eng.cfm>
- <sup>7</sup> Canada Mortgage and Housing Corporation, Household Incomes and Wealth (2012) (based on Statcan data- please note this is based on all households, not median family income) [http://www.cmhc.ca/en/corp/about/cahoob/data/data\\_012.cfm](http://www.cmhc.ca/en/corp/about/cahoob/data/data_012.cfm)
- <sup>8</sup> CIA World Factbook (2014) <https://www.cia.gov/library/publications/the-world-factbook/geos/ca.html>
- <sup>9</sup> Statistics Canada, Percentage of people working at home, by select characteristics (2008) <http://www.statcan.gc.ca/pub/11-008-x/2011001/t/11366/tbl001-eng.htm>
- <sup>10</sup> Start Up Canada <http://www.startupcommunities.ca/2013/07/29/the-rise-of-the-hacker-space-or-maker-space/>
- <sup>11</sup> Etsy internal data
- <sup>12</sup> Etsy internal data
- <sup>13</sup> Statistics Canada 2012, Persons in low income families (2011) <http://www.cpj.ca/files/docs/Poverty-Trends-Highlights-2013.pdf>
- <sup>14</sup> 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
- <sup>15</sup> Deep Centre (Centre for Digital Entrepreneurship and Economic Performance), Driving Canadian Growth and Innovation, (2013) <http://deepcentre.com/wordpress/wp-content/uploads/2013/03/DEEP-Centre-May-2013-Driving-Canadian-Growth-and-Innovation.pdf> (Page 3-4)

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