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Amazon preps an Etsy-like marketplace



BY THAD RUETER Senior Editor

The largest web retailer in North America moves to interest “artisan” sellers in the Handmade online marketplace.

Amazon.com Inc. plans to launch an [online marketplace](#) for handmade goods, seemingly taking aim at [Internet Retailer 2015 Top 500](#) rival Etsy Inc.

The marketplace, which goes by the name [“Handmade at Amazon,”](#) according to an online “interest form” the e-retailer has posted on Amazon.com, would carry products made by artisans in a variety of product categories, including home and kitchen. That form, which promises “exclusive updates” to potential sellers in advance of the launch, includes such data as seller contact information, whether merchants already sell on Amazon and contacts for “any fellow sellers who may also be interested in Handmade.”

Amazon, No. 1 in the Top 500, did not immediately respond to a request for comment about its plans.

Etsy, the 10-year-old retailer of handmade crafts and vintage goods that is No. 24 in the Top 500, declined to comment on Amazon’s move. But according to Etsy forums and at least one published report, some Etsy sellers have received the following email message from Amazon: “We’re offering artisans like you a first peek at Handmade, a new marketplace for handcrafted goods.” The message contained few details and did not specify when Amazon hopes to launch the marketplace nor how much of a cut Amazon would take from those marketplace sales.

[Amazon’s fees for its ongoing marketplace sales](#) vary by product category but can range up to 15% of the sale price for items in such categories as cosmetics, clothing, and home and garden items. The rate increases to 20% for sales of jewelry or gift cards. (Other fees may apply for some transactions or products.) [Etsy, meanwhile, charges sellers 3.5%](#) of the sale price plus a 20-cent listing fee.

Apparent Etsy sellers were sounding off on Etsy [web forums today](#), with some supporting Amazon’s move, others worried about it and some curious about what kinds of terms the largest e-retailer in the North America would offer sellers of handmade goods. “It’s what we all feared and expected,” wrote one user. “Amazon is a big monster that could easily devour Etsy. Etsy’s Sellers are in my prayers. It’s so TRAGIC!”

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Another person on the forum predicted that small-scale sellers will remain on Etsy: “I think only the largest-volume Etsy handmade sellers will be able to qualify to sell on Amazon in the first place; I'm sure a percentage of those might end up biting off more than they can chew and either drop out or be shut down by Amazon for accidental violation of whatever the rules are. There's sure to be attrition. The small volume sellers will remain here, probably.”

And still another user expressed hope that Amazon would operate better than does Etsy: “I buy on amazon all of the time. The handmade site should be policed the same and search is soooo much better there. Wish etsy would take notes.”

For the first quarter of 2015, Etsy reported that the value of merchandise purchased on its online marketplace, or what Etsy calls GMS (gross merchandise sales), reached \$532 million during the period—a 28% increase compared with the prior year. The number of active sellers on Etsy increased 26.5% to 1.43 million from 1.13 million, and the retailer reported a net loss for the first quarter of \$36.6 million, up from a \$500,000 loss for the year before. (Etsy says the big increase in net loss stemmed from changes in its corporate structure that took effect Jan. 1.)

In April, Etsy raised \$267 million in its initial public offering.

According to data found at Internet Retailer's Top500Guide.com, Etsy carries some 25 million SKUs on its e-commerce site. According to price monitoring firm 360pi, Amazon carries at least 254.2 million products, a figure that includes marketplace sellers but excludes books, media, wine and services. A somewhat recent update from Amazon says that in 2014, its marketplace sellers sold more than 2 billion items globally, the web-only mass merchant says. That's double the 1 billion items sold via the Amazon marketplace a year earlier.

TOPICS: Amazon.com, artisan sellers, e-commerce, e-retailer, ecommerce, Etsy, Etsy Inc., Handmade at Amazon, handmade site, IPO, marketplace sellers, online marketplace, small-scale sellers, web forums, Webstore

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