BACKGROUND:

Etsy is a marketplace where people around the world connect to make, sell and buy unique goods. The Etsy business model is based on shared success: Etsy makes money when its sellers make money. In order to combat a growing trend of successful sellers leaving the site, in 2015 Etsy launched Etsy Manufacturing and announced a new retail partnership with Macy’s. The two strategic initiatives were designed to help the company scale its fastest growing sellers and keep them loyal to the platform that has launched their success.

OBJECTIVE:

In this case study, you will explore the realm of possibilities Etsy’s new small batch manufacturing platform offers to its sellers and end-use customers through its new partnership with Macy’s. Your objective is to identify what product line would make the collaboration most successful for all stakeholders involved. All scholars must complete Part I, and each scholar must complete one section (A, B, or C) from Part II.

PART I: IDENTIFY THE END-USE CUSTOMER THIS COLLABORATION SHOULD TARGET

Conduct a SWOT analysis of the Etsy and Macy’s partnership, evaluating the two companies’ strengths and weaknesses, opportunities & threats in the context that supports the main objective of the case. Identify the end-use customer this collaboration should target in the opportunities section of your analysis.

PART II: IDENTIFY ETSY SELLERS WHICH WOULD CREATE THE MOST DEMAND FROM THE TARGET CUSTOMER

A. DESIGN & PRODUCT DEVELOPMENT

You are a small-scale designer with aspirations to launch a national product line. Identify a white space opportunity for a new shop on Etsy within Apparel, Jewelry, Accessories or Home that will resonate with the customer you have identified in Part I.

1. Develop a brand name and a positioning statement targeted at the customer you identified in Part I; explain the story behind your concept and why it will work in the Etsy Macy’s Shops (one page).
2. Create an inspiration board for your new line (half page).
3. Create a hangtag and label design (half page).
4. Create a materials story (fabric, fiber, alloy etc.) including selection of colors and prints (one page).
5. Design 6 to 8 items within your new product line with rendered color detailed croquis as well as flat technical sketches for each item (three pages).
B. MERCHANDISING & MARKETING

You are the Director of Special In-Store Merchandising Projects at Macy’s. Identify an existing Etsy seller within Apparel, Jewelry, Accessories or Home that has the greatest opportunity for growth based on the customer analysis you conducted in Part I.

1. Based on the SWOT analysis you conducted in part I, explain why you believe this new line will be successful in the Etsy Macy’s Shops and how it fills the void in the current Macy’s assortment.
2. Develop a launch plan for the Etsy Macy’s Shop. Consider the following:
   - What will the assortment you buy look like? How will it differ between small, medium and flagship size stores?
   - How and where will you display the merchandise? Consider the current Macy’s selling floor.
3. Develop a marketing campaign to promote your Etsy Macy’s Shop launch.
4. Provide a concise six-month financial plan detailing expected sales, receipts, profit margin and inventory.
5. What are your plans to scale up your Shop if it is successful? How will you liquidate your Shop’s inventory if it does not sell?

C. TECHNOLOGY & ANALYTICS

You are the VP of Analytics at Etsy. You have been tasked with developing a process which will allow your company to identify products with greatest potential to scale nationally through the Etsy’s / Macy’s partnership and Etsy Manufacturing.

1. Identify a market player you believe is currently best in class in terms of using predictive technology to manage its inventory. Explain your choice.
2. Develop your own set of instructions which will act as an algorithmic model for predicting the demand of products currently sold on Etsy when launched nationally through the Etsy/Macy’s partnership.
   - Identify five to ten specific inputs you would use to build your model. Data available for your analysis will include both Macy’s & Etsy point of sale information, including online and in-store.
   - How will you identify emerging trends that would resonate with the customer identified in Part I?
3. Develop a second set of your own instructions which will act as an algorithmic model for predicting whether the product you identified as high-demand can be easily manufactured at a scale required to sell at Macy’s.
   - Consider barriers and costs required to scale and the level of production required to sell in Macy’s.
   - How would you leverage Etsy Manufacturing to ensure you maximize the potential of all of the products your first algorithm identified as high-demand?
**JUDGING CRITERIA:**

You will be judged equally on the depth and relevance of your research (Part I, 40% of score), the creativity and feasibility of your ideas (Part II, 55% of score) and the clarity with which you portray both. Following format directions will account for the remaining 5% of your score. Your case will be judged by industry professionals including the YMA FSF Board of Governors, YMA FSF Mentors, and YMA FSF Alumni. Keep your audience in mind when ensuring your ideas are clear and well-supported.

All scholars must complete Part I, and each scholar must complete one section (A, B, or C) from Part II. Scholars should draw on their findings from Part I and build on them in Part II. All scholars must also use at least one primary source as part of their research, whether it is through an interview, a self-distributed survey, or a self-led focus group.

**FORMAT DIRECTIONS:**

All case studies are to be done in an 8 ½” by 11” APA format, with no exceptions. All case studies must be no longer than 10 pages: 4 pages for Part I and 6 pages for Part II. This does not include appendix, bibliography and footnotes, which should take up no more than 5 additional pages. Make sure to include a title page with one sentence to summarize your case. On the title page, do not include your name or school as case studies will be evaluated anonymously. Be sure to proofread your case study. Points will be taken off for not following format directions, as well as for grammar and spelling errors.