

Etsy's layoffs are the latest sign the online marketplace needs to broaden its reach

Article

The situation: While Etsy's online marketplace is more than double the size it was in 2019, its sales have remained "essentially flat since 2021," wrote CEO **Josh Silverman** in a note

explaining why the company is laying off 225 employees.

- The cuts, which represent about 11% of the company's workforce, bring the company's employee count down to 1,770.
- Etsy also announced several organizational changes, including executive departures such as chief marketing officer **Ryan Scott**.

The context: Etsy was a winner early in the pandemic as it saw both the number of buyers and sellers on its platform surge.

- Between 2019 and 2021, the number of active buyers nearly doubled—from 46 million to 96.3 million—and they had a growing selection to choose from as the number of sellers tripled—from 2.5 million to 7.5 million—per the company's 10-K filings.
- To keep up with that growth, the company nearly doubled its headcount—from 1,240 employees at the end of 2019 to 2,402 workers two years later. By the end of last year, it had 2,790 employees.

But the company hasn't found a formula to broaden its reach since that early pandemic-era boom; while the number of sellers on its platform has grown 17.3% since the end of 2021 to 8.8 million, the number of buyers increased just 1.0%.

- The company's US retail ecommerce sales fell 2.1% last year and our [Etsy forecast](#) expects them to decline another 1.5% this year.

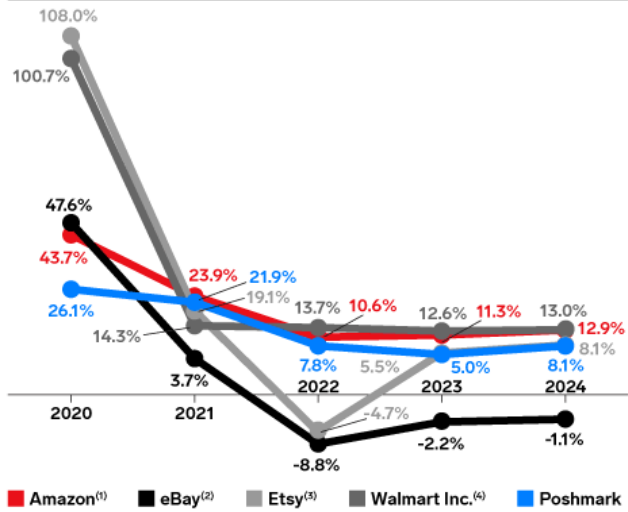
The big takeaway: A rising online marketplace tide isn't lifting all boats.

- While our [forecast](#) expects US retail marketplace ecommerce sales to grow 10.2% this year to \$384.57 billion, that growth largely stems from consumers consolidating more of their shopping with **Amazon Prime** and **Walmart+** due to the stickiness of the membership programs.
- Amazon in particular represents a significant challenge given that Prime members may choose to buy from the Etsy-like Amazon Handmade, which launched in 2015 (the same year that Etsy went public), rather than pay for shipping on Etsy.
- If Etsy is going to grow either its sales or its retail media business, it needs to find ways to move beyond its niche in a brand-consistent way. That's much easier said than done.

Go further: Read our [US Retail Ecommerce Marketplaces Forecast 2023](#) report.

Sales Growth of Select US Retail Marketplace Companies, 2019-2024

% change



Note: represents the gross value of products sold by third-party sellers on the referenced retail marketplace platform, regardless of the method of payment or fulfillment; (1) product sales made through amazon.com (browser or app) where a third-party seller is the merchant of record that assumes legal ownership of the inventory prior to changing hands with the consumer; (2) excludes travel and event tickets; (3) excludes sales on reverb.com; (4) excludes first-party sales
 Source: eMarketer, March 2023

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