

**CREATING A SUCCESSFUL ONLINE RETAIL STORE ON  
ETSY: WHAT ARE KEY FACTORS THAT CONTRIBUTE TO  
THE SUCCESS OF SMALL THAI RETAILERS?**



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Thematic paper

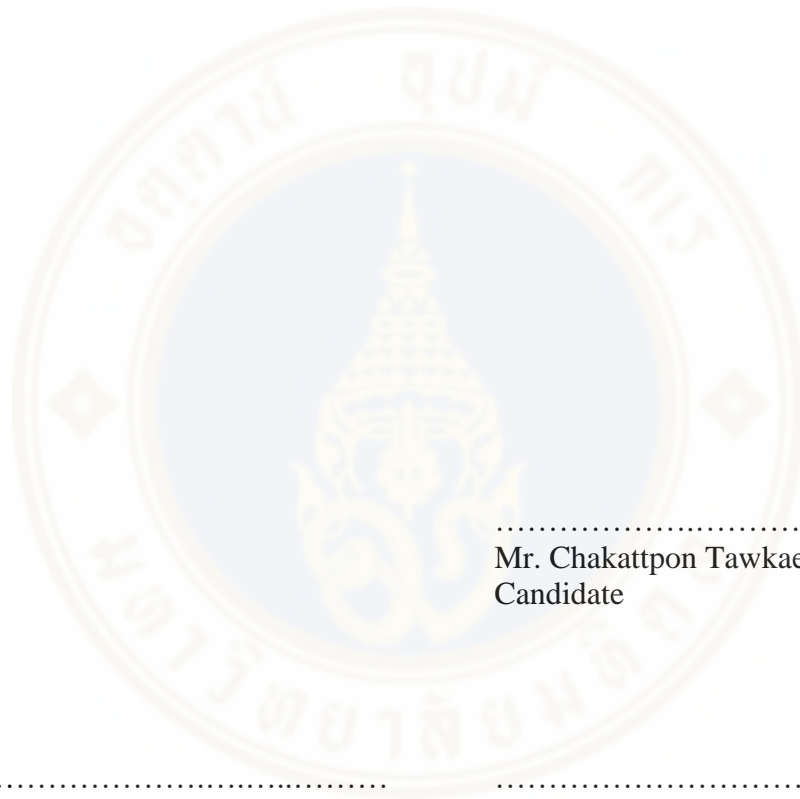
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**CREATING A SUCCESSFUL ONLINE RETAIL STORE ON ETSY: WHAT ARE KEY FACTORS THAT CONTRIBUTE TO THE SUCCESS OF SMALL THAI RETAILERS?**

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**ABSTRACT**

The purpose of this study is to seek of the factors that contribute to the success of small Thai retailers selling their handmade products through global e-commerce platform by conducting and in-depth case study on 2 top performing Thai retailers and 2 average performing Thai retailers under the selected platform scoping at category performance, key customer profiles, shop positioning, and customer experience management.

The result shows that key customer group buying products from Thai retailers in the platform are Western women buying semi-finished products (handcrafting materials and supplies) for their craft projects while the top performing Thai retailers offer either high product-depth (large number of stock-keeping units) or personalized unique products.

**KEY WORDS:** Retail / Online / Marketplace / Online Marketplace / Small Business

27 pages

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## **CHAPTER I**

### **INTRODUCTION**

According to Chamorro-premuzic (2014), companies are facing twice as high employee turnover among the millennials comparing to its former generations. Only a few of the millennials who work for the companies are staying in a single company for more than three years. At the same time, some of them are more likely to work for themselves. The millennials value freedom and work-life balance because they are self-centered and independent. Hence, the established rules and regulations in the firms bore them so they keep changing job to seek for the places for them or rather establish ones. When it comes to self-employment, however, Chamorro-premuzic (2014) believed that most of the millennials overlooked the hardship that come with entrepreneurship. They usually think that it takes only innovative ideas to be a successful entrepreneur. Most of them, however, overestimate their creativity and perceive their ordinary ideas as disruptive ones. Also, many of them failed at executing their visions. Hence, many millennials ended up in the jobs or the working environments that they do not like because of their unsuccessful entrepreneurial attempts.

In the past, establishing personal retail startups requires huge investment by the business owners without internet. To open retail shops for imported items, for example, the owners would have to travel overseas to contact potential suppliers, see the products, and place the orders by themselves. Then, they need to invest in lands and buildings for their brick-and-mortar stores or rent some spaces in the available retail locations such as department stores in order to sell the products to target customers. With the internet, however, the needs of the business owners to investment toward traditional brick-and-mortar stores as well as distance travelling to their suppliers have been decreased dramatically as the technology creates new ways of pursuing businesses. Per Internet World Stats (2018), there were 4 billion people connected to the internet globally as of December 31, 2017 which contributed to



around 54.5% of global populations. Hence, people are connected everywhere which creates new market channel for businesses throughout the globe which creates huge opportunities for the millennials and other generations of entrepreneurs-to-be in establishing retail businesses over the internet. Moreover, the internet covers a lot of business activities from upstream to downstream along retail value chains. For example, the business owners can purchase the goods or raw materials from Chinese manufacturers via Alibaba.com without having to fly to China themselves. They can open retail shops in plenty of global e-commerce marketplaces instead of investing in the traditional brick-and-mortar stores. That means that people can start their small retail businesses a lot easier with a lot lower investment than before.

As it has become easier to establish a small retail business over the internet, however, there have also been a huge number of people jumping into the business which creates intense competition in some areas. Also, the easier and cheaper investment means the less caution and preparation of the potential business owners in doing the business in right way that satisfy customer needs and earn sufficient profits for their survival. Hence, many small businesses entered the market for only a short period before closing their shops down due to many factors such as insufficient revenues or negative profits earned. According to Pryor (2016), only 47% of retail startups survived after 4 years of operation. Per Drell (2014), there were 23 million small businesses in America and 543,000 new businesses started every month in 2014. This highlight the importance of creating sustainable competitive advantage through the tailor-made offerings that create values to target customer groups in order to stand-out from the competition. Hence, understanding the needs of potential customers is one of the important factors to be successful not only for the internet-based businesses but also all other kind of businesses.

From *Manual Arts in Thai Tradition* (2001), Thai craftsmanship can be considered as one of the true artistic works since ancient times. The works reflect extraordinary know-how that the artists possesses. In the modern days, according to *Slow Hand Design 2014* (2014), global markets for Thai arts have been emerged after economic crisis in 1997 among global customers who seek for creative and quality products. From *Exporting Statistics of Thai Products* (2017), however, top 15 exported products in 2017 were mainly industrial and agricultural products by the scaled



companies using prices as key competitive advantage over the other countries. Unlike those key exporting products, high-quality handcrafted items tend to be made by in few quantities by individuals or micro enterprises. Due to the quality and creativity in making those products, the maker should be able to charge premium prices and enjoy better margin comparing to those industrial and agricultural items. However, the lack of financial resources and business know-how of those small producers limit their capability in exporting their products to the globe in the past.

As stated by Lilyquist (2016), most crafters were only able to sell their products through the local markets & fairs without the internet. In the opinion of Fernandes (2014), internet enables artists to sell and export their products globally through many online marketplaces. The top 5 online marketplaces to sell handcrafted products are;

1. Etsy ([www.etsy.com](http://www.etsy.com)) focuses on products such as art supplies, handmade items, and vintage products with simple and clear website and mobile application designs for sellers and customers around the globe with millions of seller accounts registered in the platform.
2. Ebay ([www.ebay.com](http://www.ebay.com)) offers easy and effective selling platform. It covers many product ranges not only for handmade items.
3. Bonanza ([www.bonanza.com](http://www.bonanza.com)) focuses on the trading of handmade items with few thousands of sellers with free selling fees.
4. ArtFire ([www.artfire.com](http://www.artfire.com)) offers marketplace for artisans around the world to sell their handcrafts online via their platform. Like Bonanza, there are still few thousands of sellers currently.
5. DaWanda ([www.dawanda.com](http://www.dawanda.com)) offers place for selling unique and handmade items. Currently, there are more than hundred thousand sellers registered in the platform.

Per Lilyquist (2016), most marketplaces for handcrafted products can all help the sellers to open their online shops easily with credit card processor and ecommerce platform provided. However, Etsy has provided a uniqueness marketplace especially for the crafters. Gelles (2017), shared Etsy founders' purposes of existence of the marketplace that it would help female entrepreneurs make a living online. Majewski (2015) has given a brief history of Etsy that the company was founded in

2005 in Brooklyn, New York by Rob Kalin, Chris Maguire, and Haim Schoppik with the original vision to create an online platform for the craftsmen to sell their products online. In 2007, the marketplace reaches 1 million transactions with 450,000 seller accounts registered and full-year gross merchandise sales valued 26 million USD. In 2012, the company raised 40 million USD to fund its international expansion to European countries. In 2014, annual gross merchandise sales of the company reached 1.93 billion USD. Then, the company went public in 2015 raising 237 million USD with 1.8 billion USD valuation. From the company's 2016 annual report, its gross merchandise sales reached 2.85 billion USD in 2016 with 1.7 million active sellers and 28.6 million active buyers. Based on this information, Etsy can be considered as a powerful and attractive online marketplace for handcrafted products with multi-million active customer base in the platform which enable Thai crafters to export their products globally through the platform.

Therefore, this paper aims to get the insights that would help entrepreneur-to-be in selecting relevance offerings that create values to Etsy customers through in-depth observation of successful Thai shops within the platform. The interested areas include customer segmentation, customer journey and customer experience management, marketing mix that create excellence customer experience for the successful Thai shops in the platform. The expected outcome would be the usage of knowledge gained from the learning insights that help small entrepreneurs-to-be to tailor the right experience to attract target Etsy customers which could help them to earn their livings through the small online business they created under the infamous platform.

## CHAPTER II

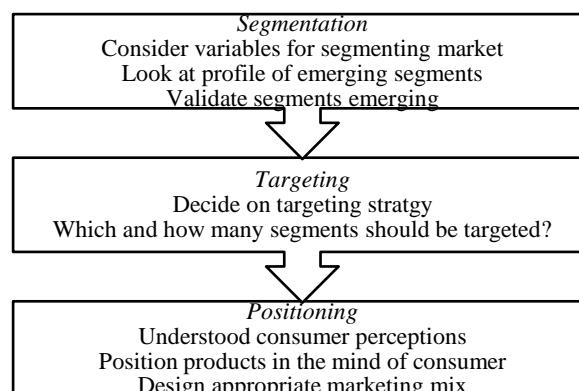
### LITERATURE REVIEW

#### 2.1 Market Segmentation

According to Dibb et al. (1991, P.4), it is essential for the business to identify the needs of some customer groups and meet those needs using the tailored products and services that suit to the selected group of customers rather than trying to win all group of customers using all types of products and services. Dibb et al. (1991) defined market segmentation as the identification of target customer groups by the similarity in their buying characteristics and their requirements.

##### 2.1.1 The Segmentation Process

Dibb et al. (1991) identified three main elements in segmentation process starting from customer segmentation which is how the business cluster the markets or customers into groups, targeting which is the selection of segmented customer groups, and positioning which is how the company set its image in the eyes of their potential customers in comparisons to the competitors. Dibb et al. (1991) has also stated the challenge facing the companies in the segmentation process which is creating the right tangible marketing mix that translated from the needs and wants of the targeted customers. The overview segmentation process is shown in figure 2.1 below.



**Figure 2.1 the Basic Elements of Segmentation (from Dibb et al., 1991)**

### 2.1.2 How to segment the market

Dibb et al. (1991) defined two main types of segmentation which are basic customer characteristics and product-related behavioral characteristics. The use of basic customer characteristics variables for segmentation can be commonly seen because they can be easily obtained and measured. The four basic groups of variables mentioned by Dibb et al. (1991) are;

2.1.2.1 Demographics segmentation is relative to family life-cycle concept. It combines factors such as age, gender, family, race, and religion to segment the customers as their preferences and values can be vary during different stages of family life-cycle.

2.1.2.2 Socioeconomics segmentation is developed to reflect different aspirations for the products and shopping locations based on differences in income, occupation, education, and social class.

2.2.2.3 Geographic location segments customers based on country and region as well as type of urban area and type of housing.

2.1.2.4 Personality, motives and life style such as young singles, senior citizens or young families. Figure 2.2 below is the summary of Dibb's basic customer characteristics segmentation.

<p><i>Demographics</i></p> <p>Age Sex Family Race Religion</p>	<p><i>Socioeconomics</i></p> <p>Income Occupation Education Social class</p>
<p><i>Geographic Location</i></p> <p>Country Region Type of urban area (conurbation - village) Type of housing (affluent suburbs - inner city)</p>	<p><i>Personality, motives and life style</i></p> <p>Young singles Senior citizens Young families</p>

**Figure 2.2 Basic Customer Characteristics (from Dibb et al., 1991)**

Another type of segmentation given by Dibb et al. (1991) is product-related behavioral characteristics. This type of segmentation is composed of five variable groups which are purchase behavior, purchase occasion, benefits sought, consumption behavior and user status, and attitude to product. The first variable, purchase behavior, separates customers based on their loyalty to a brand with the belief that there are a group of people who are more likely to buy products from the brand they loyal and there are another group of customers who select the brand that offer the lowest price at the purchasing point. The second variable, purchase occasion, emphasizes the differences in price sensitivity by the urgency of using the product. When people have time to shop around, they tend to be more price sensitive because they have time to compare between brands or stores. While when they are in urgent need, distress purchases, they tend to rely heavily on the fast distribution and availability. The third variable, benefits sought, divides customers based on different benefits they seek from the same product. For example, when selecting shampoo, some people might focus on the fragrance smell while some other people might focus on conditioning function of the shampoo. The fourth variable, consumption behavior and user status, separates customer groups into non-users, light users, and heavy users. The fifth variable, attitude to product, argues that different customers have different attitudes and preferences toward the same product or offer. It is essential for the brand to tailor their offer according to preferences of the target customers. Figure 2.3 below summarizes the product-related behavioral characteristics.

<i>Purchase behavior</i> Brand loyalty shopper Low price shopper	<i>Purchase occasion</i> Distress purchase Shop around
<i>Benefits sought</i> Separate customers based on different attributes of the product they focus	<i>Consumption behavior and user status</i> Non-users Light-users Heavy-users
<i>Attitude to product</i> Different perception and preference toward a product or offer by different customer groups	

**Figure 2.3 Product-related Behavioral Characteristics (from Dibb et al., 1991)**



Stated by Dibb et al. (1991), segmentation is a powerful method that can be used to identify clusters of market potentials. However, in segmentation, there are four basic rules to follow to make the segmentation effective. First, the segments should be definable and measurable. Second, the segments should be large enough for the company to gain benefits from those markets. Third, the company should be able to influence the segments using sales and marketing effort. Last, availability of the segments should be long enough for the company to pursue action and see results of their offers toward those segments.

### **2.1.3 Targeting**

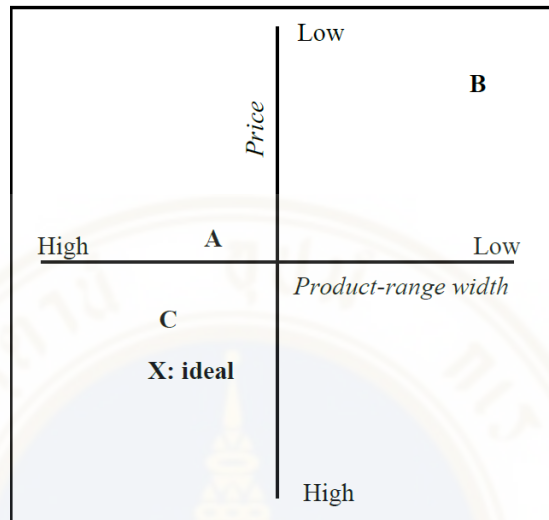
Once the market is divided into segments, the next step in the segmentation process is to select target segment(s). Depending upon the available resources and capabilities of the company, Dibb et al. (1991) mentioned about three options that the brand can choose for their targeting strategy which are; providing a single product or retail brand to a single segment (concentration), providing a single product or retail brand to multiple segments which are related, providing multiple product or retail brand to multiple segments of customers based on their relevancy.

### **2.1.4 Positioning**

Per Dibb et al. (1991), it is essential for the product(s) and brand(s) to tailor a tangible mix of product, price, promotion, and distribution to satisfy the needs and wants of targeted customers. Dibb et al. (1991) has also pointed out that positioning is not exactly the product or retail brand itself but its perceived values in the mind of targeted customers. To have a clear positioning, the brand should have distinct image and position in the mind of target customers comparing to the competitors. The product can be positioned in several aspects that are perceived as importance by the target customers such as price for grocery shopping, service level when selecting hotel, quality and reliability for electrical appliances, and value for money when choosing an amusement park.

According to Dibb et al. (1991), perceptual mapping tool can be used to visualize perception of target customers across competing brands by the degree of their perceived attributes. Figure 4 below illustrates perceptual map for one target

group of customers using price and product-range width attribute where X represents ideal position and A, B, C represent different brands competing for the market. Based on the perceptual map, brand C and A are in the closest position to the ideal while brand B can be too cheap with lower-than expect product-range.



**Figure 2.4 Positioning Map of Hypothetical Customer (from Dibb et al., 1991)**

### 2.1.5 Determining a Positioning Plan

As highlighted by Dibb et al. (1991), there are seven steps on determining a positioning plan; (1) cluster customers in the marketing into segments, (2) select target segment, (3) identify the expectation and the important values of the target segment, (4) tailor a product or brand that serves the needs of the target segment, (5) evaluate perceived position by the target customers against other brands, (6) select the credible image in the mind of target customers that match with their aspirations, (7) tailor the right marketing mix to the target customers.

## 2.2 Customer Experience Management

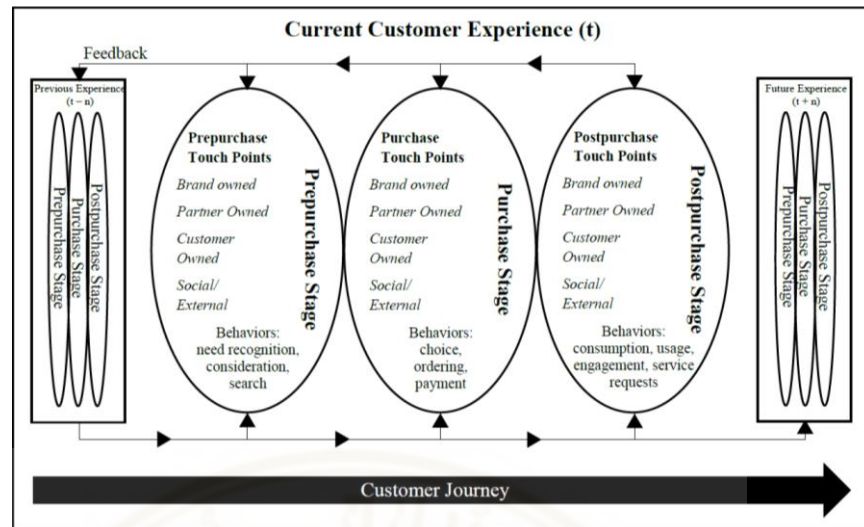
There has been an interesting quote stated by Abbott (1955) that “what people really desire are not products but satisfying experiences” (Abbot 1955). When people make decisions, they rely on multiple dimensions which include emotional, socio-cultural, environmental, and neurophysiologic factors (Gutnik et al., 2006).



Customer experience can be linked to multiple areas below. (1) social environment which includes customer-to-customer interactions, (2) service interfaces which is related to the degree of technology versus human interactions, (3) retail brand creates perception and experience assumption to the customers prior to actual service encountering, (4) customer experience dynamics built up from their past experience about the brand, and (5) customer experience management strategies tailored by the brand to create superior satisfaction in return for better profits if the customers are willing to pay extra for such experience (Verhoef et al. 2009).

According to Verhoef et al. (2009), creating superior customer experience can be considered as one of the key focuses among nowadays retailing environment. Pine and Gilmore (1998) believed that customer experience come from the time spending to enjoy memorable events that a brand stages. Lemon et al. (2016) defines stages of the total customer experience as customer journey consisting of three main stages which are prepurchase, purchase, and postpurchase. Prepurchase includes all customer's interaction with the brand, product category, and the environment prior to the transaction. Then, purchase stage covers interactions between customers, the brand and its environment during transaction event. The customers can have the experience with choice, ordering, and payment at this stage. Last, postpurchase stage is associated with the actual experience with the product from their consumption and aftersales services.

Lemon et al. (2016) suggested that different customer touchpoints can be identified within the customer journey. They also identified four different categories of touchpoints: (1) brand-owned touchpoints which are the customer interaction points that can be controlled by the firm and under their control such as marketing mix and sales force., (2) partner-owned touchpoints which are jointly created between the firm and its partners such as distributors, communication channel partners which the firm has some controlling degree., (3) customer-owned touchpoints such as their thoughts, needs and desires prior to their purchases., (4) social/external touchpoints such as other customers, peer influences, other information sources, and the current environment.

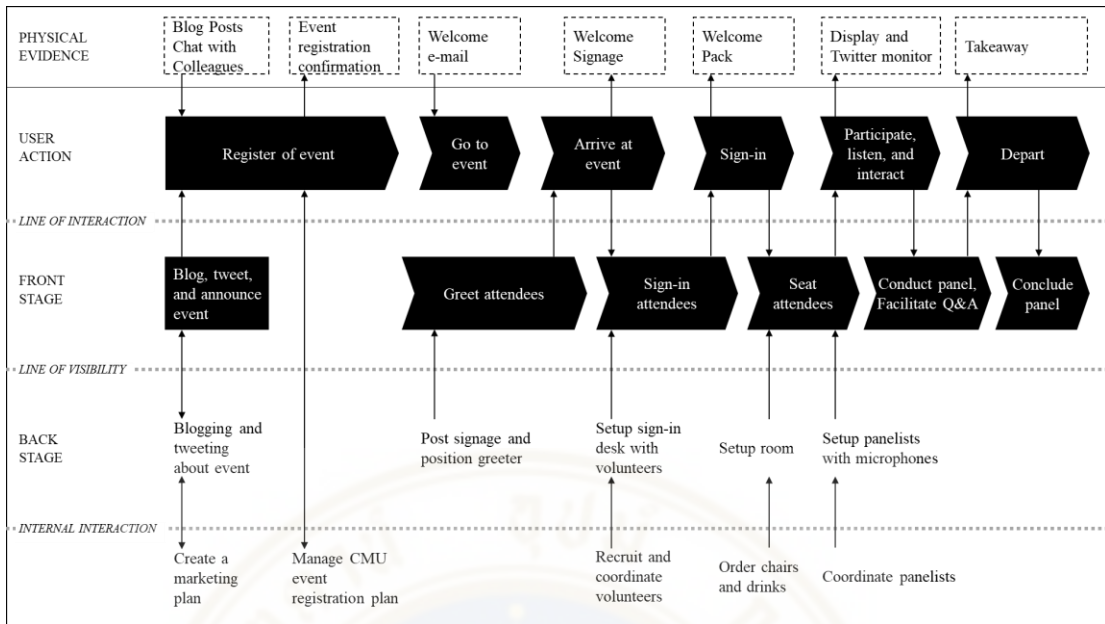


**Figure 2.5 Process Model for Customer Journey and Experience (from Lemon et al. 2016)**

### 2.2.1 Customer Journey Analysis

Lemon et al. (2016) described customer journey analysis as a mean to describe different options and choices that customers have under the touchpoints in multiple purchasing phases in their journey. One of the tools that can be used for customer journey analysis is service blueprint developed by Britner et al. (2008) for service innovation and service improvement. It maps out customer journey and touchpoints with front and back stages of the firm.

By analyzing service blueprint, firm will be able to specify and detail every single element of a service which involves both customer, company, and relevance party standpoints. As it includes both front and back stage processes, the blueprint can be used to define all the processes behind a specific user experience element. In the blueprint, the “line of interaction” is used to represent touchpoints between the customer and the firm. Then, the “line of visibility” is used to separate between front stage (front-office staff or user-interfacing system) and back stage (back-office or invisible processes) (Stickdorn et al. 2011). Figure 2.6 below shows the example of service blueprint.



**Figure 2.6 Service Blueprint for Event (from Stickdorn et al. 2011)**

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This paper is interested in the real-life case studies on performance of small Thai retailers who open their shops over the Etsy marketplace in order to see key success factors that drive small their success in selling their products on the platform. The success of each store will be measured by number of sales transactions they made annually.

To start, 200 samples of Thai retail stores will be randomly picked up from 14 main product categories of the platform which are; (1) Accessories, (2) Art and Collectibles, (3) Bag and Purses, (4) Bath and Beauty, (5) Craft Supplies and Tools, (6) Home, (7) Jewelry, (8) Kids and Baby's Clothing, (9) Men's Clothing, (10) Pet Supplies, (11) Toys and Entertainment, (12) Vintage, (13) Wedding and Party, (14) Women's Clothing will be selected.

Then, data about their establishment years and total sales transactions will be collected. After that, the stores will be grouped by their key product categories. Then, average sales transactions per year per store of each product category will be assessed through calculations. Furthermore, all 14 product categories will be ranked against each other based on average number of transactions per store per one year.

Therefore, 2 top and 2 average performing stores within the top-ranked category will be selected for further case studies resulting 4 stores in total. After key retail stores within the best performing product category in the platform has been selected, qualitative research will be used to examine and gain general sense of the factors that lead to their superior performance by observing their online stores in-depth. The aim of having a pair of stores per each performance tier is to identify some common patterns within each performance tier as well as different pattern across different performance tiers aiming to answer key factors that contribute to their success.

### 3.1 Observing Aspects

In assessing factors driving performance of the selected retailers, both marketing and service aspects will be analyzed. For marketing assessment, customer segments of the selected stores will be assessed through the sampling of 200 profiles of the customers who have previously purchased the goods and left reviews to the selected stores. The expected identifiable segmentation criteria are demographics, geographic location, and consumption behavior. By looking at total customer profile samples at glance, we will be able to see segments of the customers shopping for the selected product category as followed.

3.1.1 Genders will be identified from profile information of the samples into male, female, and other.

3.1.2 Ages will be defined based on profile photos appearances of the samples into young (about 25 years old and below), middle (about 26 to 45 years old), old (about 46 years old and above), and other (unidentifiable).

3.1.3 Race distribution will be defined based on profile photos appearances of the samples into Western, Asian, and other.

3.1.4 Geographic locations will be identified from profile information of the samples into America, Europe, Oceania, Asia, and other.

3.1.5 Shop ownership will be identified from profile information whether the sample subject own an active Etsy shop or not.

3.1.6 Consumption behavior will be identified by counting number of times they purchase products from each shop. The result will be divided into light users who buy only 1 – 2 items and heavy users who buy 3 items and above.

Then, the common characteristics of the customers of top-selling stores will be identified. After that, perceived positions of the selected stores will be analyzed based on their offers to see potential aspects that made them success.

Furthermore, service aspects will be assessed through customer journey of the selected stores will be assessed using mystery shopping methodology which is a market research tool to measure service quality or gather specific information about products and services (Wikipedia 2018) via the e-commerce market platform. Then, the journey will be plotted into “service blueprint” (Stickdorn et al. 2011). Because many back-stage activities and internal interactions under the service blueprint are

related greatly to the platform (Etsy), the analysis will be focusing only on the parts above line of visibility.

Therefore, service touchpoints under the front stage activities in service blueprint will be identified. Then, this research will focus mainly on brand-owned touchpoints (Lemon et al. 2016) of the selected retailers to see how they perform the services that create relative impact to stores performances because they are controllable factors by the stores.





## CHAPTER IV

### RESEARCH FINDINGS

From the in-depth observation of Thai retailers over the platform, there are so many interesting insights about the factors that the top-selling stores possess in common which can be summarized below.

#### 4.1 Craft Supplies & Tools is the Top-Selling Category

After the observation of 200 Thai retail stores across 14 product categories in the marketplace using past sales performance data, each category is ranked according to the average number of annual sales transactions per store. The top-performing category is craft supplies and tools followed by jewelry and women's clothing. Figure 4.1 below shows ranking results by category with average sales transactions per store.

Rank	Product Category	Transactions/Store (averaged annually)
1	Craft Supplies & Tools	2,594
2	Jewelry	1,680
3	Women's Clothing	1,668
4	Bag & Purses	1,618
5	Art & Collectibles	1,026
6	Wedding & Party	887
7	Accessories	748
8	Home	727
9	Men's Clothing	508
10	Toys & Entertainment	320
11	Pet Supplies	310
12	Vintage	293
13	Bath & Beauty	257
14	Kids & Baby's Clothing	199

**Figure 4.1 Category Performances Ranking by Annual Number of Orders/Store**



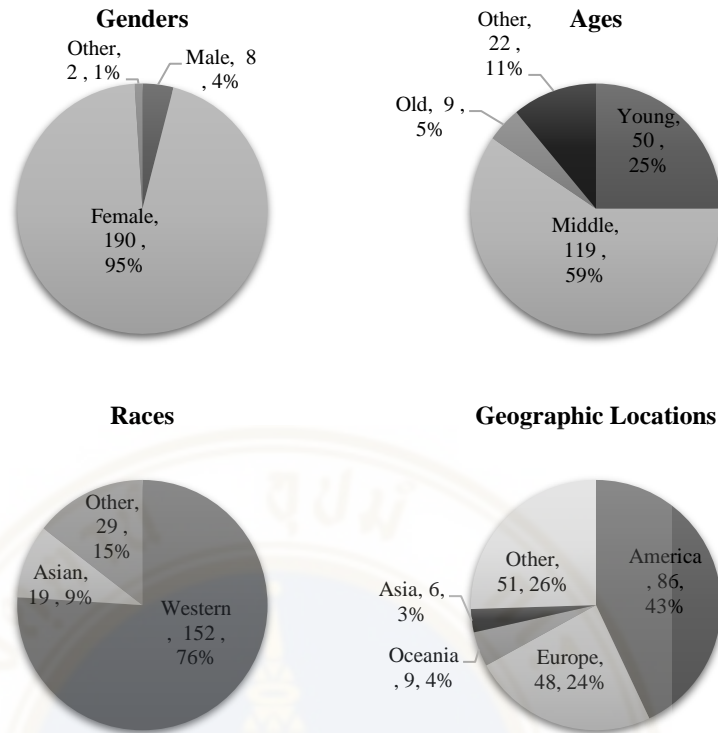
Based on the result, 4 stores under craft supplies and tools category have been selected for further analysis. Figure 4.2 below lists the selected stores, their general information, and their past performance. Store A and B are top performing stores within the category with more than 10,000 sales transactions annually while store C and D are average performing stores with less than 5,000 annual sales transactions.

<p><b>Store A</b></p> <p>Year Establishment: 2010            Product: Silver Jewelry Findings &amp; Supplies            Number of Stock-Keeping Units: 2,870            Store Location: Bangkok  <b>Average Annual Transactions: 19,626</b></p>	<p><b>Store B</b></p> <p>Year Establishment: 2017            Product: Stickers for Planner Lovers            Number of Stock-Keeping Units: 380            Store Location: Bangkok  <b>Average Annual Transactions: 10,268</b></p>
<p><b>Store C</b></p> <p>Year Establishment: 2015            Product: Embroidered Iron on Patch            Number of Stock-Keeping Units: 608            Store Location: Bangkok  <b>Average Annual Transactions: 3,422</b></p>	<p><b>Store D</b></p> <p>Year Establishment: 2013            Product: Beads and Jewelry Supplies            Number of Stock-Keeping Units: 1,058            Store Location: Chiang Mai  <b>Average Annual Transactions: 1,298</b></p>

**Figure 4.2 General Information and Past Performance of the Selected Stores**

## 4.2 Middle-Aged Western Women in America are Main Customers

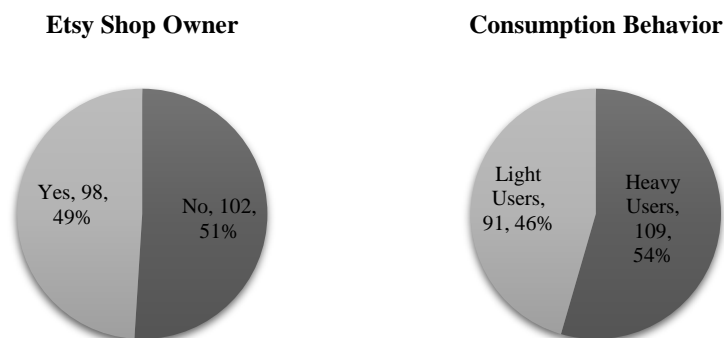
From profiles of the sampling customers under 4 selected stores, it is obvious that 95% of the samples are female while 4% are male. Aside, majority ages group of the samples tend to fall under the middle ages (59%) followed by young ages (25%). Moreover, the most common race of the customers is Western (76%). Furthermore, the geographic locations observation shows that 43% of the customers are in America while 24% are in Europe, and 4% live in Oceania. The following figure 4.3 depicts demographic distribution of the sampling customers.



**Figure 4.3 Customers Distribution by Basic Characteristic Segmentation**

### 4.3 Heavy Users Made Top-Selling Stores

According to the study, almost half of the sampling customers own Etsy shops. Also, almost half of the samples are heavy users how purchase goods from each shop for more than 2 times. Figure 4.4 below depicts overall shop ownership status of the customers and consumption behaviors from 4 observed stores.



**Figure 4.4 Customers Distribution by Behavioral Segmentation**

Looking at consumption behavior and shop ownership status of the customers of different performing stores, the fascinating facts have also been found that top performance stores (A and B) have very high proportion of heavy users while average performance stores (C and D) have much lower proportions of heavy users as their customers.

Type	Segments	Store A	Store B	Store C	Store D
Etsy Shop Ownership	Yes	72%	24%	26%	74%
	No	28%	76%	74%	26%
Consumption Behavior	Heavy Users	66%	86%	18%	48%
	Light Users	34%	14%	82%	52%

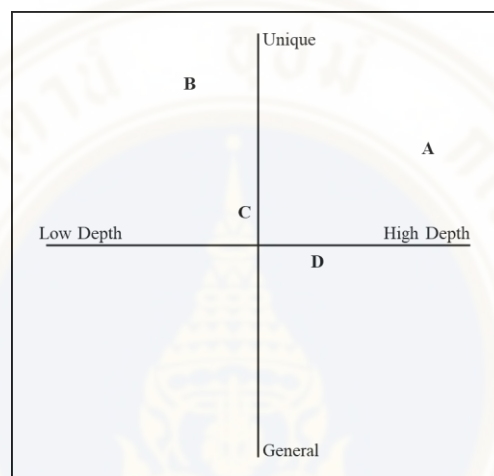
**Figure 4.5 Percent Contribution of Customer Segments by Store**

For shop ownership, store A shows very high proportion of Etsy shop owners while store B shows higher proportion of non-Etsy shop owners. Also, it is cleared that majority of customers from store A and D buy goods as the supplies for own shops because both stores offer items such as beads, jewelry findings, and silver supplies and many of their customers own handmade jewelry shops in the platform. For store B and C, most of the customers do not have their own shops. This could be implied that they might buy the products for their own crafting project consumptions. Hence, heavy users can be either business customers and end users.

#### **4.4 Unique/Personalized Products and Variety of Choices Matter**

According to stores analysis, store A offers only sterling silver jewelry findings and supplies which made it somehow unique in terms of product specialization. It also offers 2,870 SKUs which made it the greatest product-depth shop among the observed shops. For store B, they offer 380 uniquely designed/personalized planning stickers, so the store can placed at the very unique-end of the chart but lower product depth comparing to other stores due to limited number of SKUs. In the other hand, store C offers quite unique product type which is

embroidered iron on patch. However, the product designs are not as unique as some of the items are just copied from the famous cartoon characters. Hence, it is placed close to the middle in terms of product uniqueness. For product depth, the shop is placed closed to the central line because they offer 608 SKUs while the average stores under this category offer 666 SKUs. Finally, store D offers tribal designed jewelry findings which provide a small degree of uniqueness to them but some of the designs can still be seen elsewhere. For product depth, they offer 1,058 items which are higher than category average, so they are placed toward the right side.



**Figure 4.6 Perceptual Map of Store A, B, C, and D (adapt from Dibb et al., 1991)**

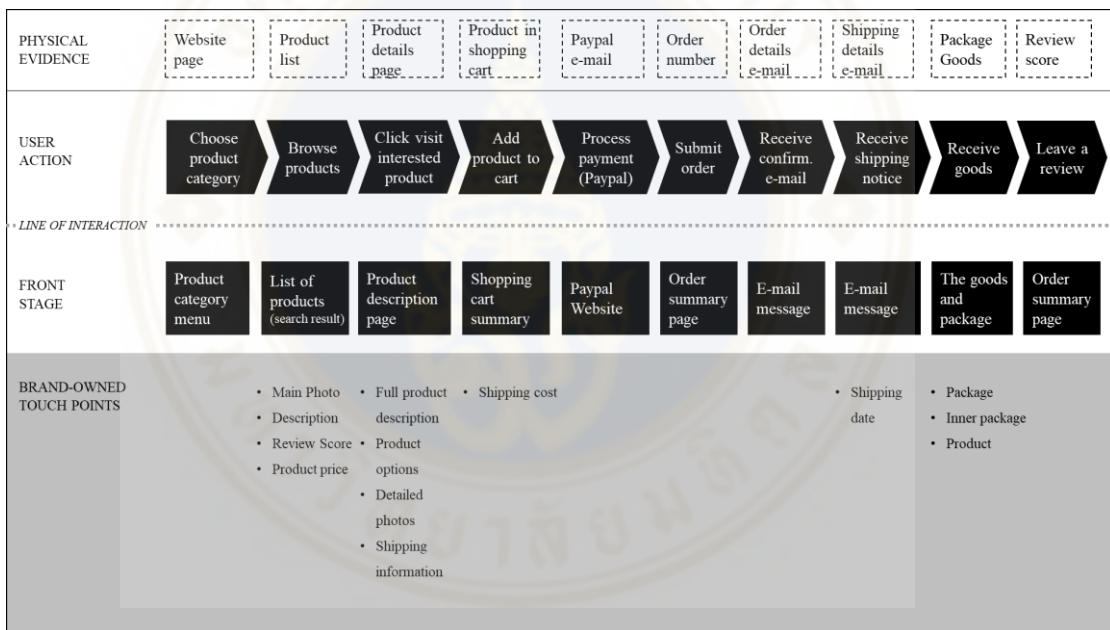
Based on the perceptual map, it can be interpreted that store A outperforms other stores because of their outstanding position in product depth as well as above average product uniqueness while store B performs well because of its superior uniqueness even though their product depth is still lower than average. In the other hand, store C and D show average performance which could also be the result of the store positions they are in the minds of customers.

#### **4.5 Top Stores Stimulate Purchases using Good Customer Experience**

In gaining more insight from the selected stores, service aspect will be assessed using through controllable (brand-owned) touchpoints under customer journey. Adapting from “service blueprint” (Stickdorn et al. 2011) and mystery shopping, customer journey of the customers in this e-commerce marketplace starts

from; (1) visiting the website or mobile application, (2) choose product category from the menu, (3) browse for the products from search results, (4) click at the interested product to visit product description page, (5) add product to cart, (6) process payment, (7) submit order, (8) get confirmation e-mail, (9) get shipping notice e-mail, (10) receive the shipment, (11) leave a review to the seller.

Based on the journey, there are multiple of touchpoints that can be controlled by the stores including; main product photo, short product description, review score, product price, full product description, product options, detailed photos, shipping information, shipping cost, actual shipping date, postal package, inner package, and the product itself. These touchpoints are listed under relative customer journeys in the following figure.



**Figure 4.7 Service Touchpoints (adapt from (Stickdorn et al. 2011))**

### 4.5.1 Maximize Product Search

Top-selling stores apply same set of key visuals such as color theme, title, and logo to the cover photos of all their products. By doing so, customers begin to notice about their shop after seeing visually similar photos over and over through their search results. Moreover, these stores use strategic keywords to name their products by creating many possible titles per a single item in order to maximize matching

possibilities to the keywords that customers input. For example, store B use the following names for a single products; Cute Hot pot Stickers, Cute Food planner Stickers, Asian food stickers, Cute panda planner stickers, Cute hotpot stickers.

#### **4.5.2 Provide precise product details**

Top-selling stores provide detailed information such as materials, dimensions, size, shipping method and discount, estimated shipping time and other notes which allow customers to get the information they need and make their purchasing decision right away.

#### **4.5.3 Timely shipping and good quality packing**

Based on mystery shopping, the top-selling store shipped the ordered product out in timely manner (2 working days). Also, the packing quality was good as they have 2 layers of inner pack with shock absorption bubbles. Hence, the product arrived in very good condition and the product quality is the same as described by the seller.



## **CHAPTER V**

### **CONCLUSIONS**

#### **5.1 Implications**

Based on the case studies results, Thai small retailers could follow the key findings in order to open their successful shops on Etsy platform. There are 5 key factors that contribute to the success of small Thai retailers on Etsy below.

5.1.1 Category selection should be done based on the available opportunities or market size. From the samples, craft supplies and tools is the top-selling category.

5.1.2 Middle-aged Western women living in America could be selected as target customers because they are the main customers in this platform.

5.1.3 Find consumable products that can be repeated purchase by the customers overtime because top-selling stores are benefits from those heavy users

5.1.4 Store could offer either unique/personalized products and/or variety of choices (large number of stock keeping units)

5.1.5 Purchase/repurchase impulses could be stimulated through customer touch points below.

5.1.5.1 Product search touch points such as cover photos, keywords

5.1.5.2 Sufficient and concise product description for customers to make purchasing decision

5.1.5.3 Shipping time and product/packaging quality

#### **5.2 Limitations**

The case studies have been done based on initial 200 Thai retail stores samples and the final research was pursued through the study of only 4 businesses.



Also, only a single e-marketplace platform (Etsy) has been studied. Hence, the implication for other platforms could be differences from this research. Moreover, only Thai sellers were studied which means competitiveness between Thai vendors versus overseas vendors has not been considered in this research.

### **5.3 Recommendations**

Before initiating a business, it is important to understand the market that you are going to enter. This research gives a detailed analysis on key factors that contributing to the successful Thai stores on Etsy platform which specialized on handmade products.

For future study, other marketplaces should be studied in order to see whether the key factors that made successful Thai sellers can be adopt across platform or not. In the other hand, sellers from other countries under Etsy platform can also be assessed and analyzed to see competitiveness of Thai products against other countries.

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