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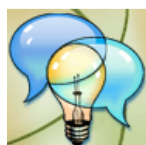
Internet Marketplace Etsy Embraces Forums, Blogs, Social Sites to Get People to Spread the Word

By RAYMUND FLANDEZ

Etsy Inc., an online marketplace for handmade goods, offers a host of ways for its customers to connect with the company and each other.

These include user profiles, forums, blogs and a rating-and-feedback system for the site's 800,000 registered users, including crafters and artisans who sell their wares on the site.

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But Etsy also has embraced ways that its customers interact with one another outside of the company's domain -- mainly a handful of social-networking sites created by [Etsy.com](#) fans.

Among them is We Love Etsy, a site created by Lis Kidder, a 28-year-old lawyer and glass-jewelry designer in

Fairfax, Va. We Love Etsy has 2,780 members who build their own profile pages, interact with each other and post reviews of handicrafts among other things.

"We blog, swap tips, and share photos and tips for selling on Etsy," says Ms. Kidder, an Etsy.com vendor. She says she created the site to give buyers and sellers another place to interact, in different ways than they can on the official Etsy site.

Loyalty Builder

Consumers are increasingly using the Web to talk to, and about, the companies they do business with. Some use venues like blogs and forums supplied by companies, while others create their own spaces, such as on social-networking sites, to connect with other

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like-minded users.

Providing such spaces for people to interact, embracing

Rob Kalin, the founder of Etsy.com -- a popular Web marketplace for crafters -- talks to WSJ's Raymund Flandez about the site's embrace of online community, including independent fan-led networks. (March 5)

outside sites and encouraging the dialogue can help companies build positive exposure and engender goodwill -- which will, ideally, translate into more business. And while they take work, such efforts can be easier for small firms that can more quickly make operational changes and adopt new technologies than their larger counterparts. Etsy, for its part, has welcomed many of those venues in an effort to build a loyal community of customers who are vocal about the site and the goods its artisans sell.

"You get free marketing," says Scott Allen, co-author of "The Virtual Handshake," which discusses how mainstream companies are using social media and social networking to advance their businesses. "You have consumer evangelists. Why wouldn't you do everything to encourage that?"

But Mr. Allen says not every small business should attach itself to the social-networking phenomenon, especially if customers don't really have anything in common to bond over. "You have to make sure that your customers have a compelling reason to engage with each other," he says.

Rob Kalin, the founder of Brooklyn, N.Y.-based Etsy, says, "What it means for us is that we don't have to spend anywhere as much money on marketing because there are all of these avenues for people to spread the word and talk about what we do."

Etsy members include 130,000 sellers. They sign up for free and just pay 20 cents for five pictures of one item that can be listed for four months. They also pay a 3.5% commission on each sale. On any given day, 15,000 items sell, from homemade instruments to clothing.

TALKING SHOP

What's Happening: Etsy.com, an online marketplace for handmade goods, is trying to build customer loyalty by making it easy for people to interact with the company and one another.

Taking Action: Etsy provides forums, blogs, workshops and other venues to encourage a dialogue. It also touts and links to outside social-networking sites created by fans of the Etsy site.

The Caveats: Such efforts can require a lot of time. Companies also should make sure that customers have something in common to bond over.

Mr. Kalin says the company raised \$27 million from private investors in January to expand operations in the U.S. and overseas. It raised \$5 million in three earlier rounds. He adds that Etsy is on track to generate between \$10 million and \$20 million in sales this year and to sell \$100 million worth of goods.

Blogs, Forums and Workshops

There are numerous ways for Etsy's customers to interact. In addition to the profiles, feedback systems and forums, Etsy offers live workshops with video conferencing, where people can hone their skills in areas like silk-screening or jewelry making. There are online seminars on marketing or real-time shop critiques, where Etsy staffers critique sellers and give them tips to enhance their shops. In addition, the company hires several of its top sellers to hold interactive workshops on topics like applying color theory to brighten up an Etsy shop.

The site's blog has evolved into an online newspaper, with articles written by Etsy staff and its



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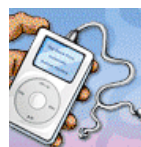
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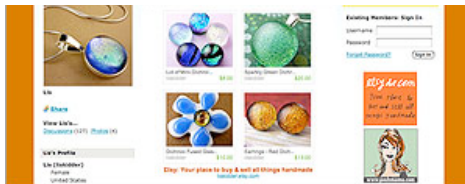
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members, who also can comment on them.

Fifteen of the company's 50 employees are support staff, whose job it is to maintain the site and address customer issues, by interacting with them on the site, via email or phone. Mr. Kalin interacts on the forums as well.



We Love Etsy, a social-networking site dedicated to Etsy.com users

Etsy also receives hundreds of emails every day, sometimes nearly 1,000, on a variety of issues, including how-to help, new ideas, complaints and comments about the site.

Spreading the Love

Etsy staffers found out about the We Love Etsy site (etsylove.ning.com) when Ms. Kidder sent a message in August, via a messaging system for users, telling them that her site was up.

Ms. Kidder, who is an associate at law firm McLeod, Watkinson & Miller in Washington, D.C., says her site's profiles go beyond those on Etsy's site, allowing members to set up their own page, much like profiles on social-networking sites Facebook or MySpace.

Etsy staffers saw the site's existence as another way to connect with customers -- and drum up business -- and decided to tout it on the Etsy.com blog. The blog post urged readers



Rob Kalin, founder of Etsy Inc., at the company's office

to "break down these walls and spread the Etsy love" to other "crafty" social-networking sites. The post also mentioned other social sites created by Etsy users: Land of Etsy and IndiePublic.

The We Love Etsy site also has links to the official Etsy site, so customers could buy goods being featured or talked about. We Love Etsy members' blogs often discuss new items and link to the individual item listing on Etsy as well.

Mr. Kalin says he hopes to add photo-gallery and video capabilities to its user profiles and would like to eventually expand Etsy's social-networking capabilities. But for now, the company is focused on improving its marketplace, he says.

"I'm not interested in controlling [members'] conversations," Mr. Kalin says, "just [in] giving them a more personalized space to have them in."



That's the kind of attitude Etsy customers thrive on. Etsy has "always been very open to hearing from the members," says Ms. Kidder. "In the forums, they frequently

solicit...feedback on changes at the site -- more than the vast majority of corporations that I've dealt with."



Lis Kidder, a jewelry-maker and lawyer who started We Love Etsy

But that doesn't mean Etsy isn't concerned about brand dilution. The company recently started a trademark-permissions program, in which people wanting to use Etsy logos and other marks with the Etsy name must submit an application for permission.

The firm has received more than 50 applications so far and has granted permissions to the majority of them. Sarah Feingold, Etsy's in-house counsel, says she will be contacting Ms. Kidder about her use of the Etsy name on her site.

Write to Raymund Flandez at raymund.flandez@wsj.com

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