# Etsy faces sales decline amid economic headwinds, doubling down on personalisation



Etsy has reported a decline in its gross merchandise sales (GMS) amid ongoing macroeconomic challenges, as revealed in its earnings report for the quarter ending April 30. The eCommerce platform’s consolidated GMS fell by 6.5% year-over-year, reaching $2.8 billion, with an adjusted 5.7% decrease on a currency-neutral basis. Specifically, Etsy marketplace sales dropped 8.9% (8.1% on a currency-neutral basis) to $2.3 billion, and the number of active buyers fell by 3.4%, down to 88.5 million users.

Etsy’s CEO, Josh Silverman, addressed the economic situation during the company’s earnings call, characterising the macroeconomic environment as “challenging” and suggested no immediate upswing was expected. “The macroeconomic backdrop has been challenging for Etsy for a considerable period of time, and our outlook right now anticipates that there’s no major change, that things on the macro front stay relatively consistent with where they are,” Silverman stated.

In response to these conditions, Etsy is intensifying its focus on personalisation strategies intended to enhance user engagement and traffic. Silverman explained that the company is integrating advertising and recommendation data into its search algorithms. Moreover, stronger connections are being forged between first- and third-party data to provide a more tailored shopping experience. “This will help us create an Etsy that will ultimately feel like your personal boutique every time you visit us,” he said.

The CEO also highlighted early success from these initiatives, indicating that personalised homepages have almost double the engagement of non-personalised ones. Additionally, machine learning improvements have increased the proportion of personalised email and push notifications by over 10 percentage points in the first quarter, with A/B testing confirming a notable boost in user engagement compared to generic content.

Etsy’s CFO, Lanny Baker, spoke about the potential impact of trade tariffs, especially those relating to Chinese imports. Baker noted that current exposure seems limited, with just over 1% of GMS coming from U.S. imports by sellers from China. “The current trade search situation is highly fluid, and it’s challenging to confidently predict when and where specific tariffs will go into effect or how those tariffs may impact demand more broadly,” he remarked.

Further addressing the issue at the Semafor World Economy Summit in Washington, D.C., Silverman expressed concerns about how tariffs could adversely affect Etsy’s sellers. He cautioned, “Unfortunately, in this environment, nuance is not our friend. Some of these broad-brush policies that are intended for others … might really hurt 8 million Etsy sellers.” Silverman underscored that while 90% of sellers source their supplies locally, rising raw materials costs driven by tariff-induced inflation could force sellers to increase prices, potentially reducing consumer purchasing power. “If the result is inflation and American consumers feeling much poorer, that would be very bad for Etsy sellers,” he added.

The information was reported by PYMNTS.com. Additional data and context from recent economic and trade policy discussions underline the complexity and uncertainty Etsy faces in the prevailing economic climate as it seeks to adapt through technological enhancement and strategic focus shifts.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.reuters.com/business/retail-consumer/etsy-tops-quarterly-revenue-estimates-steady-demand-apparel-gifts-2025-04-30/> - This article reports that Etsy's consolidated Gross Merchandise Sales (GMS) declined by 6.5% year-over-year, reaching $2.8 billion, with an adjusted 5.7% decrease on a currency-neutral basis, corroborating the reported decline in GMS amid ongoing macroeconomic challenges.
2. <https://investors.etsy.com/press-releases/press-release-details/2024/Etsy-Inc.-Reports-First-Quarter-2024-Results/default.aspx> - Etsy's first-quarter 2024 earnings report indicates that the number of active buyers fell by 3.4%, down to 88.5 million users, aligning with the reported decrease in active buyers.
3. <https://www.reuters.com/business/retail-consumer/etsy-misses-first-quarter-sales-profit-estimates-lower-discretionary-demand-2024-05-01/> - This article highlights that Etsy's CEO, Josh Silverman, characterized the macroeconomic environment as 'challenging' and suggested no immediate upswing was expected, supporting the CEO's comments on the economic situation.
4. <https://www.reuters.com/business/retail-consumer/etsy-tops-quarterly-revenue-estimates-steady-demand-apparel-gifts-2025-04-30/> - The article discusses Etsy's intensified focus on personalization strategies, including integrating advertising and recommendation data into search algorithms, which aligns with the company's efforts to enhance user engagement and traffic.
5. <https://investors.etsy.com/press-releases/press-release-details/2024/Etsy-Inc.-Reports-First-Quarter-2024-Results/default.aspx> - Etsy's first-quarter 2024 earnings report mentions that personalized homepages have almost double the engagement of non-personalized ones, supporting the claim of early success from these initiatives.
6. <https://www.reuters.com/business/retail-consumer/etsy-tops-quarterly-revenue-estimates-steady-demand-apparel-gifts-2025-04-30/> - The article notes that machine learning improvements have increased the proportion of personalized email and push notifications by over 10 percentage points in the first quarter, with A/B testing confirming a notable boost in user engagement compared to generic content, corroborating the reported success of these initiatives.
7. <https://news.google.com/rss/articles/CBMipgFBVV95cUxNcmRnRjBUQ0NobG1INUc1TzNwNWViVVFsYjRUTUxmWWlrbnc4YUctbmlqbGlrNkpHZFc2U2tjdVdmVDdVV2YwN0VLRUJHTkJuRzRqb3plS05oRHp5MVFmY1JaNkt0eGZNOVRXVFpyUHEwREVPemFtcU1BalBVb0VpZUtTSnQ3bTBZY1FaOTcxcFNySXhIbGg2RTZ5TG5TZTJSZjFfSjhn?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data