



The State of the Handworker Economy

2nd Edition: US Makers





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01 Introduction



REBECCA VAN BERGEN
Founder and Executive Director, Nest

In 2018, Nest released our inaugural State of the Handworker Economy (SHE) Report. The report was a first-of-its-kind, data-driven investigation of the invisible workforce behind many of the clothes we wear, accessories we carry, and objects that decorate our homes. It aimed to shine a light on the social and economic realities of the unseen individuals, primarily women, who support our global supply chains through both simple and highly-skilled handwork. Working outside of traditional factories, these individuals are often left unprotected and undervalued.

Since 2006, Nest has championed the rights and interests of handworkers around the world through our grassroots programming and systems-change advocacy. Sitting at the intersection of artisan production and brand sourcing, we are the leading advocate of this powerful workforce.

Nest delivers many of our programs globally—reaching artisans in more than 120 countries. However, there remains a unique need for support among American makers in our own backyard. Hearing the stories of local artists, makers, and creative entrepreneurs over the years, Nest was inspired to act. Many shared that access to the growing American Makers’ Movement and the social and economic opportunities it offers were not shared equitably within communities and were often split by race and class.

Nest launched Makers United in 2018. The program is building a more vibrant and inclusive Makers’ Movement across the United States by providing artists, makers, and creative entrepreneurs who often face barriers to accessing the support they need with the resources and market access opportunities they need to thrive. With a focus on elevating the voices of overlooked makers and delivering innovative market access solutions, Makers United is ensuring that the growing handmade craft movement sweeping the country is generating opportunities for all regardless of gender, race, economic means, or physical ability.

Until recently meaningful data about this rapidly growing sector was largely unavailable and disparate when it was. Over the last four years, Nest has launched Makers United programming in 8 cities and two heritage craft communities, the Gee’s Bend Quilters of Alabama and the Gullah Basket Weavers of the South Carolina Lowcountry. And, we have concurrently expanded our outreach to American creatives outside of these locations enabling us to establish one of the most comprehensive U.S. maker datasets to date working with 1,045 makers in 36 states.

As you page through this report, you will glean quantitative and qualitative learnings from this dataset among others, as well as a number of corporate, philanthropic, and nonprofit leaders about the social and economic status of the U.S. maker economy, and the outsized impact investments in this sector can have.

It is my hope that this report will inspire you to join Nest in making meaningful investments in the creative economy to increase employment opportunities, advance social and economic equality, and preserve culture through craft. Together we can ensure the American-made movement has an outsized impact on the individuals, families, and communities.

02 Defining the US Artisan & Maker Economy

The maker and craft economy has witnessed accelerated growth in the past decade. This economy is largely informal and home-based. These factors, alongside the rapid growth, have led to a range of terms used to refer to the individuals participating in this sector, as well as the sector as a whole. Many of these terms are used interchangeably yet are subject to varying interpretations. In order to align readers' perceptions of the terms used in this report, the following definitions were developed for keywords:

ARTISAN

We draw our definition from UNESCO's definition of handcraft in which an artisan is defined as an individual working on the creation of products made completely by hand or with the help of hand tools as long as the direct manual contribution of the maker remains the most substantial component of the finished product. An artisan can also be referred to as a "craftsperson." For the purposes of this report, we define artisans as individuals located both within and outside of the United States, though the data shared in this report is focused specifically on the United States.

MAKER

We define a *maker* as an artisan practicing their handcraft within the United States. For the purposes of this report, we define *maker* exclusively as an individual working on the creation of products made completely by hand or with the help of hand tools and therefore do not include those working in the fields of robotics, 3D printing, or other mechanical and/or computerized trades in our definition of a maker.

MAKER-ENTREPRENEUR

A maker-entrepreneur is someone who also owns and manages their own business entity that sells the products they make. They can also be referred to as an artisan-entrepreneur. The majority of this report focuses on the state and needs of maker-entrepreneurs.

HANDCRAFTED

Also drawing our definition from UNESCO, we define *handcrafted* as a product or object for which the direct, manual contribution of an *artisan* or a *maker* remains the most substantial component of the finished product.

LOCALLY-MADE

A handcrafted product can be defined as *locally-made* if the product was produced within the same county or region as the primary place of work as its maker. For the purposes of this report, *locally-made* products may be made from raw materials sourced outside the county or region.

INFORMAL ECONOMY

The International Labor Organization defines the informal economy as a sector consisting of individuals working from their homes or small informal workshops, who are engaged in the production of goods or services with the primary objective of generating income for the persons concerned. In the context of the US economy, the *informal economy* refers to non-traditional, self-employed individuals—the majority of whom seek creative means of income generation from their homes. The informal economy presumes informal or cash-based transactions.

SMALL BUSINESS

A small business in the United States typically refers to a business with less than 100 employees. Small businesses can be privately-owned corporations, partnerships, or sole proprietorships that typically have less revenue than larger businesses.

GIG ECONOMY

A labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs. Often maker work falls under this category of work.

03 Executive Summary

Despite contributing more than \$14 billion to the US economy in 2021, there has been very little known about the maker economy in the United States. Estimates suggest anywhere from 5 million to 31 million individuals earn an income through art, craft, or other creative entrepreneurship, however, minimal effort has been made to understand this population more deeply—until now.

Nest's 2022 State of the Handworker Economy (SHE) Report: US Edition is a first-of-its-kind benchmark from which we can begin to measure the size and value of this unknown sector, as well as the challenges and opportunities within it.

Creative entrepreneurs reside in almost every US county, however, their contributions often remain invisible, often grouped within the nebulous world of the “self-employed,” due to the informal nature of their work. This makes tracking the exact size of the population and the value of their outputs difficult. And, it presents significant challenges to supporting them with business development programming, effective workforce legislation, and amplifying their presence in local, regional, and national marketplaces.

In a national consumer survey, Nest found that 75% of consumers would purchase handmade products over machine-made goods. This is evidence of the demand for maker-made goods, as well as the opportunity for maker businesses to be meaningful drivers of employment, social advancement, and economic gains within their communities.

Research has found that there is a significant correlation between a maker's feeling of connectedness to their local creative community, as well as the resources needed to grow their operations, and the local impact they can make through sourcing and employment. However, makers from historically marginalized groups—such as women, black, indigenous, and/or people of color—often face significant systemic barriers in accessing the community and resources their businesses need to grow and thrive.

In addition to defining the first benchmark of this growing economy, the SHE Report: US Edition is a data-driven appeal for corporate, philanthropic, and governmental investment in this sector to advance both social and economic opportunities.

Special thanks to Etsy, Williams-Sonoma, Inc., United Manufacturing Alliance, Garment District Alliance, Amazon, Qurate Retail Group, Tracy Reese, Tory Burch Foundation, and all the thousands of makers who have contributed data and insights to make this report possible.

04 The Maker Movement in the US



INTRODUCTION BY TRACY REESE *Founder, Hope for Flowers by Tracy Reese*

Having grown up with a strong connection to craft, I am thrilled to see a resurgence in making among younger generations and consumer interest in handmade goods. Over the past few years, initiatives by leaders in the handcraft sector (including Etsy, the Urban Manufacturing Alliance, and Nest) have generated new insight into the maker's movement and the artisans behind this production leading to a deeper understanding of communities and microcultures.

The data makes it clear that the maker population in the United States is wonderfully diverse, representing countless American stories and experiences, yet this diversity is not fully reflected within the Movement. Designers, brands, retailers, and consumers must make a concerted effort to ensure that as the American Maker Movement grows, it becomes an equitable and inclusive tent for all craftspeople, regardless of their race, gender, ability, or socioeconomic status. A tent that reflects the beauty and diversity of our unique but also shared experiences, histories, and traditions.

Over the next few pages, you will learn more about the demographics of the United States' maker economy. This report is the first comprehensive, data-driven look at American makers as a community, including who they are, where they live, what they do, and the challenges they face in breaking into the market and growing their businesses. As we continue to celebrate and support American makers with this information in hand, let's make a conscious effort to ensure that our purchases reflect the rich diversity of our country and its craft traditions.

DEFINING THE MAKER-ENTREPRENEUR MOVEMENT IN THE US

In 2019, the estimated value of the handicrafts market in North America was US\$ 242.4 billion.^{*} With the growth of scalable and accessible e-commerce technologies, supply and demand within this industry is widely acknowledged to be growing at a rapid rate both globally, and especially within the United States. Just one piece of evidence pointing to the rapid rate of domestic growth is Etsy's annual seller census, which in 2021 reported a +167% increase since 2018, in the contributions of creative maker-entrepreneurs to the US economy which was reported at \$14.3B in 2021,^{**} an almost three-fold increase, from \$5.4B in 2018.^{***}

We define a maker within the national and international informal economy as an individual working on the creation of products made partly or completely by hand. The types of craft techniques utilized and product categories made are diverse and can vary up to thousands of configurations. Examples of makers include but are not limited to: a candlemaker, jewelry maker, potter, seamstress, and quilter.

As there is no definitive statistic around the number of makers in the US, we rely on cross-cutting industries to derive a potential estimate range. The National Endowment for the Arts (NEA) reports over 5 million individuals employed in arts and cultural industries^{****} whereas the Global Entrepreneurship Monitor estimates 31 million entrepreneurs in the US.^{*****} Makers and maker-entrepreneurs fall somewhere in between these two widely different ranges. While these statistics lend a starting point to quantify the size of the national maker economy, the true extent remains unknown. In addition to the substantial size,

we know the dispersion is widespread—a report by Etsy in 2017 revealed that the creative entrepreneurs in their network reside in almost every US county (99.9%).

Additionally, there is limited publicly available data and general public knowledge and awareness around maker demographics and trends across local creative economies. Despite their ubiquitous presence, makers are overlooked in national datasets such as census and local government data as they are rarely identified as a working group or are grouped into broader categories such as “self-employed” due to the informal nature of their work. A perfect example is the inability to truly quantify the size of this sector, as it is not captured within the National Census in the way that other more traditional occupations in the labor force are. This presents a growing concern as more jobs shift to non-traditional formats, including an increase in home-based work and entrepreneurial endeavors. We need better representation and recognition of this workforce at the national level.

As a result of under-representation, makers tend to be hidden within local economies and their contributions are largely unknown. This presents an unfair consequence of inadequate access to economic opportunities and initiatives for support.



MAKER SPOTLIGHT

JAY RODRÍGUEZ is a textile designer who produces handwoven textiles with a contemporary twist, from her studio in Puerto Rico. Her textiles explore color and structure, achieving a sophisticated balance. Through her work, she aims to promote the education of traditional techniques, with the hopes of passing them on to future generations. She says, “technology is great, but it should never fully substitute the hand. I believe traditional techniques, such as weaving, enrich our culture, can help our economy, and benefit each individual’s overall wellness.”

* Research and Markets (2020). *North America Handicrafts Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2020-2025*. IMARC Group. ID: 5135756

** Etsy (2021). *2021 Seller Census - US and All States*.

*** Etsy (2019). *Celebrating Creative Entrepreneurship around the Globe*.

**** National Endowment for the Arts (2019). *Artists and Other Cultural Workers: A Statistical Portrait*. Produced by the Office of Research & Analysis.

***** Apollo Technical (2021). *20 Entrepreneur Statistics You Need to Know*.

UNDERSTANDING THE COUNTRY'S MAKER-ENTREPRENEURS

As new programs and initiatives emerge to support makers in the US, we are able to peel back the layers and better understand this workforce. In 2019, Nest launched its flagship domestic program, Makers United, to build a more vibrant and inclusive maker movement across the United States by supporting maker-entrepreneurs who often face barriers to accessing the training and development resources they need to expand their small businesses and create sustainable livelihoods. This was also an opportunity to address the data gap in this sector and build a foundational knowledge base around maker-entrepreneurs, their business structures, challenges, and demographics of makers themselves.

Currently, the Makers United network includes 1,045 makers from across 36 states. To inform tailored and relevant programming, Nest collects qualitative and quantitative data on business and maker demographics through a national survey and localized landscape mapping surveys that zoom in on makers within specific cities.

To date, the maker landscape has been mapped for seven locations, and this dataset continues to grow with projected landscape mapping for an additional three cities per year. The landscape mapping employs a mixed-methods approach, with quantitative data collection via a detailed digital survey as well as in-person, qualitative focus groups with makers. This is complemented by the national survey which is available to every maker nationally and is a quantitative digital tool for data collection. Once a maker is enrolled in the network, they receive free access to resources for business growth, capacity building, and market access. Data is collected on maker and business demographics on an annual basis.

The outreach strategy for this network is equity-driven. This dataset aims to represent the demographic make-up of makers' local geographies, and the program emphasizes an approach to identifying and supporting maker-entrepreneurs from marginalized communities. Metrics derived from this dataset represent this diversity of makers.



The aggregated findings from Nest's Makers United datasets are visualized in the statistics below:

Maker Demographics

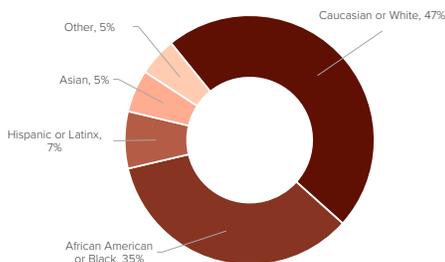
41 years

Average Age of a Maker
(ranging 19 to 87)

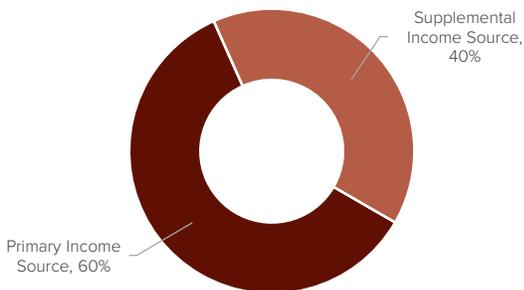
87%

Female Makers

RACE DISTRIBUTION



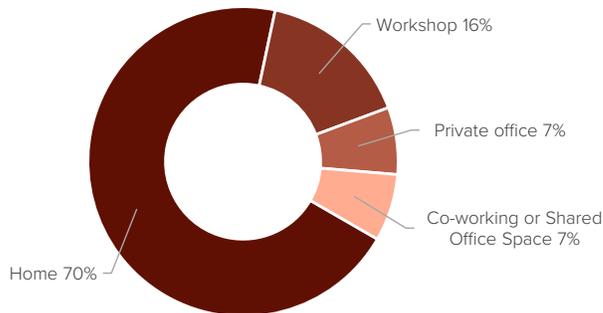
CRAFT AS AN INCOME SOURCE



\$75,276

Average Annual Maker Household Income

WORKSPACE LOCATION



33%

Average % of Household Income Coming from Maker Income

Business Demographics

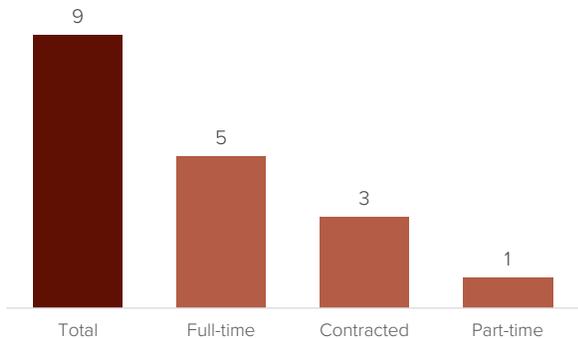
7 years

Average Age of a Maker Business
(ranging 0 to 50)

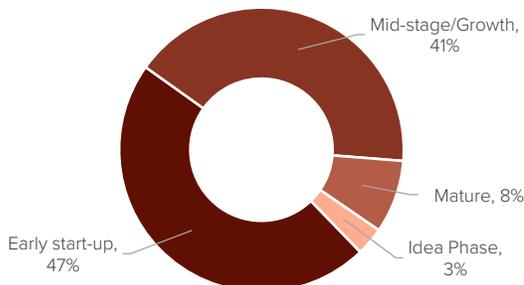
\$53,706

Average Revenue
(ranging from \$0 to \$2,000,000)

AVERAGE # STAFF EMPLOYED

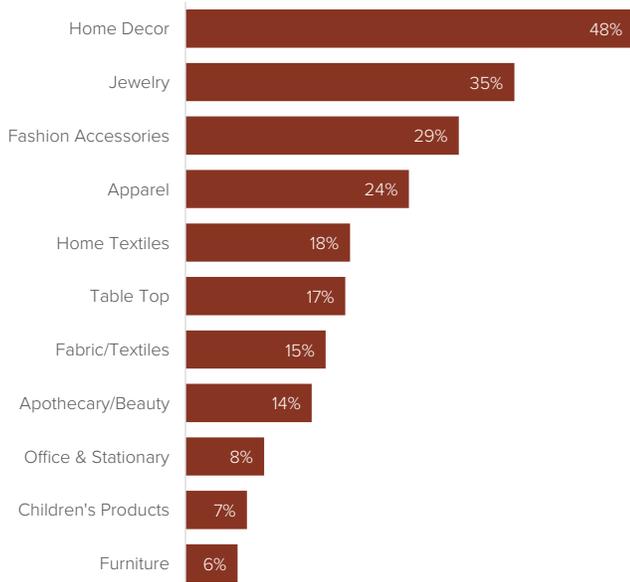


BUSINESS STAGE



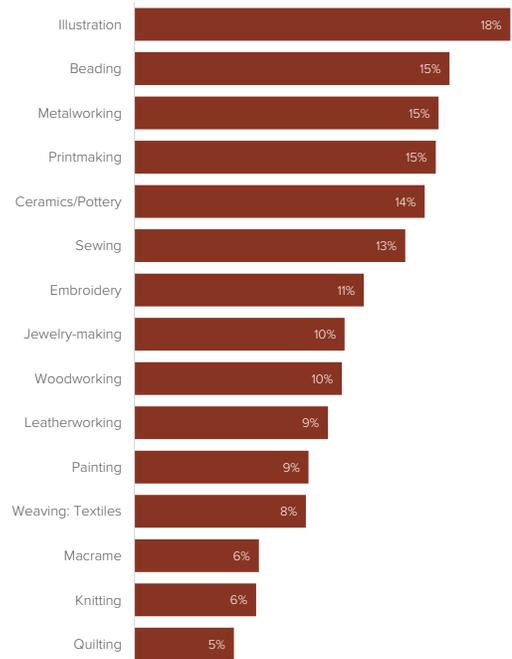
What Makers are Making

PRODUCT CATEGORIES MAKERS SPECIALIZE IN



A small number of businesses (less than 5%) also specialize in Rugs/Floor Coverings, Shoes and Toys

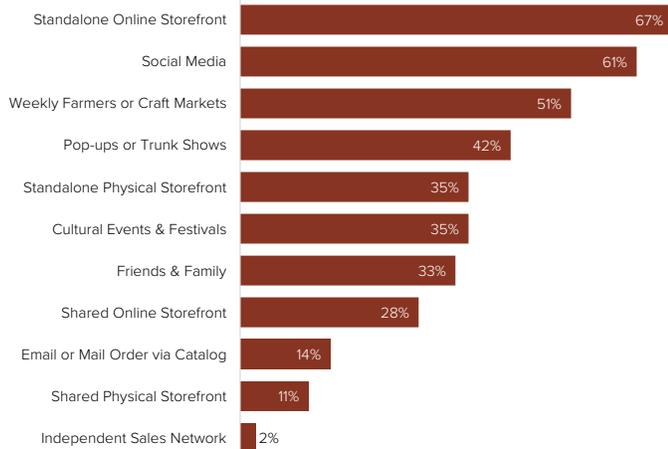
CRAFT TECHNIQUES MAKERS SPECIALIZE IN



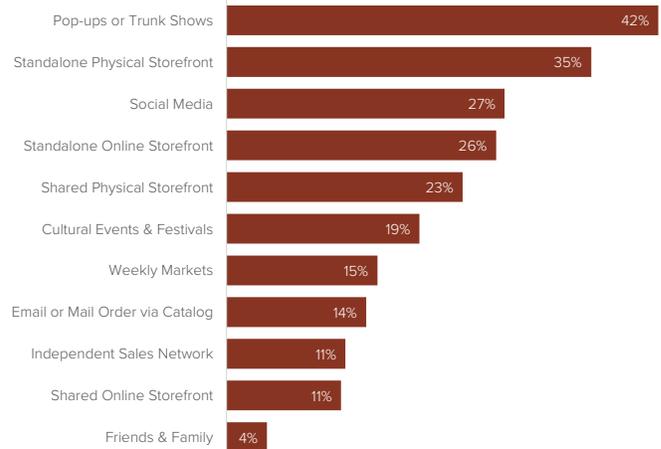
A small number of businesses (less than 5%) also specialize in Dyeing: Resist, Weaving: Natural Plant/Grass, Stone Masonry or Stone Carving, Paper Mache/Paper Pulping, Applique, Rug Weaving, Glass-working/Glass-blowing, Goldsmithing, Botanicals/Floral Preservation, Dyeing: Natural, Fiber Arts and Silversmithing.

Sales Channels

PRIMARY SALES CHANNELS UTILIZED BY MAKERS



SALES CHANNELS MAKERS WISH TO EXPAND TO



99%

Makers Interested in Growing their Sales

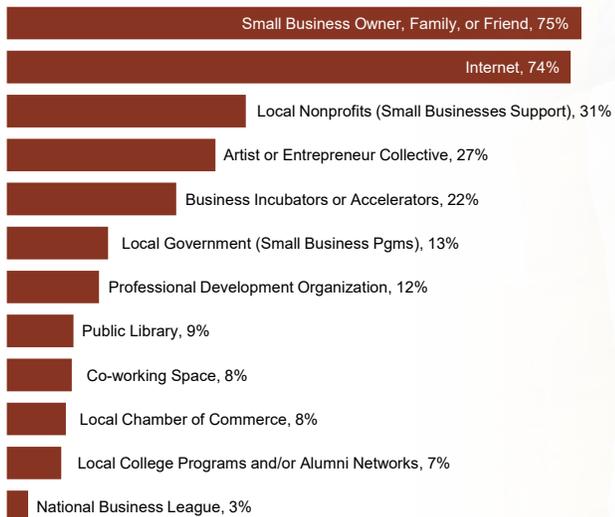
MAKER SUPPORTS

Makers' go-to source for business advice is a fellow small business owner, family member, or friend, highlighting the power of peer-to-peer connections and network-building. The second most common source is the internet, which also highlights the potential opportunity for digital resources and programs that support makers.

Only 8% of makers reported turning to their local Chamber of Commerce or local government programs for support, underscoring a gap in government-led initiatives for this population likely due to:

- ▶ A lack of existing programs for makers
- ▶ Inadequate access to any available programs
- ▶ Lack of knowledge of existing available programs

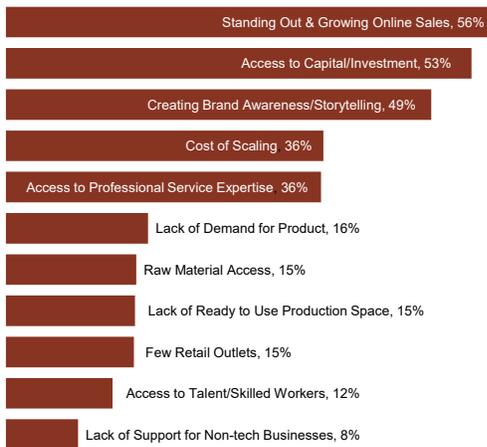
WHO MAKERS TURN TO FOR BUSINESS SUPPORT



BUSINESS CHALLENGES & BARRIERS MAKER-ENTREPRENEURS FACE TODAY

The primary barriers to business growth for makers include a combination of structural barriers and educational/training gaps. Over half of makers report access to capital and investment (53%) and standing out and increasing online sales (56%) as their primary barriers to growing and scaling their business. In tandem with access to capital, the cost of scaling is also highlighted as a primary barrier to growth for over one-third of makers (36%) emphasizing the financial gaps in this sector as the capital and investment available do not meet the needs and business costs for makers to scale and grow.

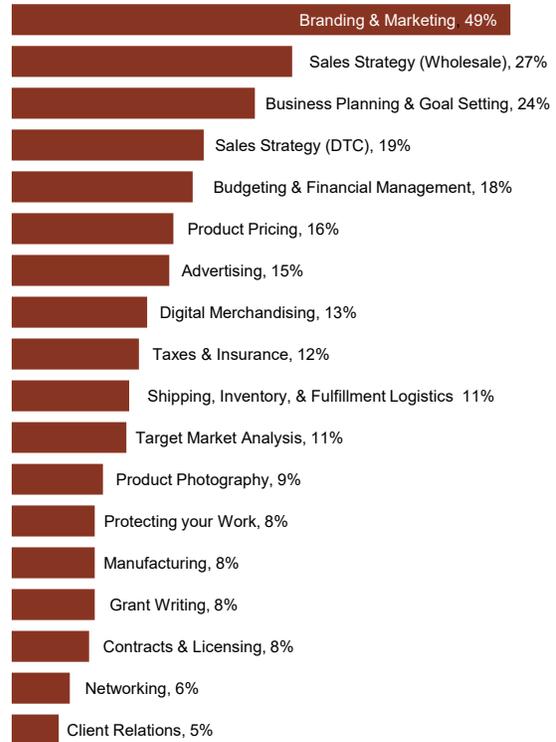
BARRIERS TO GROWTH



A small number of businesses (less than 5%) also listed Transportation as a Barrier for Employees or Customers and Childcare as Employment Barrier

Diving deeper into business challenges resulting from education, the most common skill gaps that makers report are around branding and marketing followed by sales strategy, particularly with wholesale compared to direct-to-consumer sales.

TOP SKILL GAPS



A small number of businesses (less than 5%) also listed Human Resources, Graphic Design and Employee Training & Management

A key reflection from this data is the connection, or lack thereof, between barriers to growth and the resources makers turn to for business support. Many makers rely on their peer networks for support with business growth and developing skills, and we understand that access to capital and marketing and sales strategies are the core areas where makers require additional support. **This is a call to key stakeholders such as local governments, decision-makers, and community NGOs to tailor their programming and design resources that tackle these key areas and allow businesses to share knowledge and work together as peers.**

Additionally, an important call-out is that these are aggregate statistics. While they highlight gaps in the availability of resources, equitable access is perhaps more important. This is explored in further detail in “07 Barriers to Equity” on page 28 of this report.

MAKER ECOSYSTEMS: CITY SPOTLIGHTS

The aggregated data shared previously provide a high-level understanding of the demographics of maker-entrepreneurs in the US. Taking one step further and disaggregating by geography, the landscape mapping of makers within cities yields interesting regional challenges and city-specific highlights. The spotlights below represent findings from the sample of makers engaged in Nest's Makers United program within each city.



Sample: 103 maker-entrepreneurs

- ▶ 85% women-owned and led & 35% minority-owned and led
- ▶ Most common product categories: home decor (30%) and fashion accessories (27%)
- ▶ Primary business challenges reported: creating brand awareness and access to capital/investment

7 in 10 makers feel disconnected from the people and resources that will help them grow their businesses pointing to a need for a stronger sense of community amongst Birmingham's makers.*



Sample: 105 maker-entrepreneurs

- ▶ Austin: 92% women-owned and led & 44% minority-owned and led
- ▶ San Antonio: 95% women-owned and led & 70% minority-owned and led
- ▶ Most common product categories: home decor (30%) and jewelry (27%)
- ▶ Primary business challenges reported: growing online sales and access to capital/investment

The lowest-earning makers in this sample earn less than the median household income in their community (based on zip code). These makers face the challenge of steep market entry fees that create a barrier to entry for makers who may still be early-stage or have fewer economic resources available.**

* Nest (2019). *The Handwork Landscape: Birmingham, Alabama*. Nest's Makers United Project.

** Nest (2020). *The Handwork Landscape: Austin and San Antonio, Texas*. Nest's Makers United Project.



DETROIT

Photo Courtesy of Creative Hina Design LLC

Sample: 106 maker-entrepreneurs

- ▶ 82% women-owned and led & 93% minority-owned and led
- ▶ Most common product categories: home decor (37%) and apparel (35%)
- ▶ Primary business challenges reported: creating brand awareness and access to capital/investment

Race and household income were correlated across participating makers, with 28.8% of minority makers coming from lowest-income households (under \$30,000) compared to only 18.2% of Caucasian makers. Additionally, 51.5% of Caucasian makers belonged to the highest-income households (\$75,000 and higher) compared to only 30.1% of all minority makers.*

* Nest (2020). *The Handwork Landscape: Detroit, Michigan*. Nest's Makers United Project.



ST. LOUIS

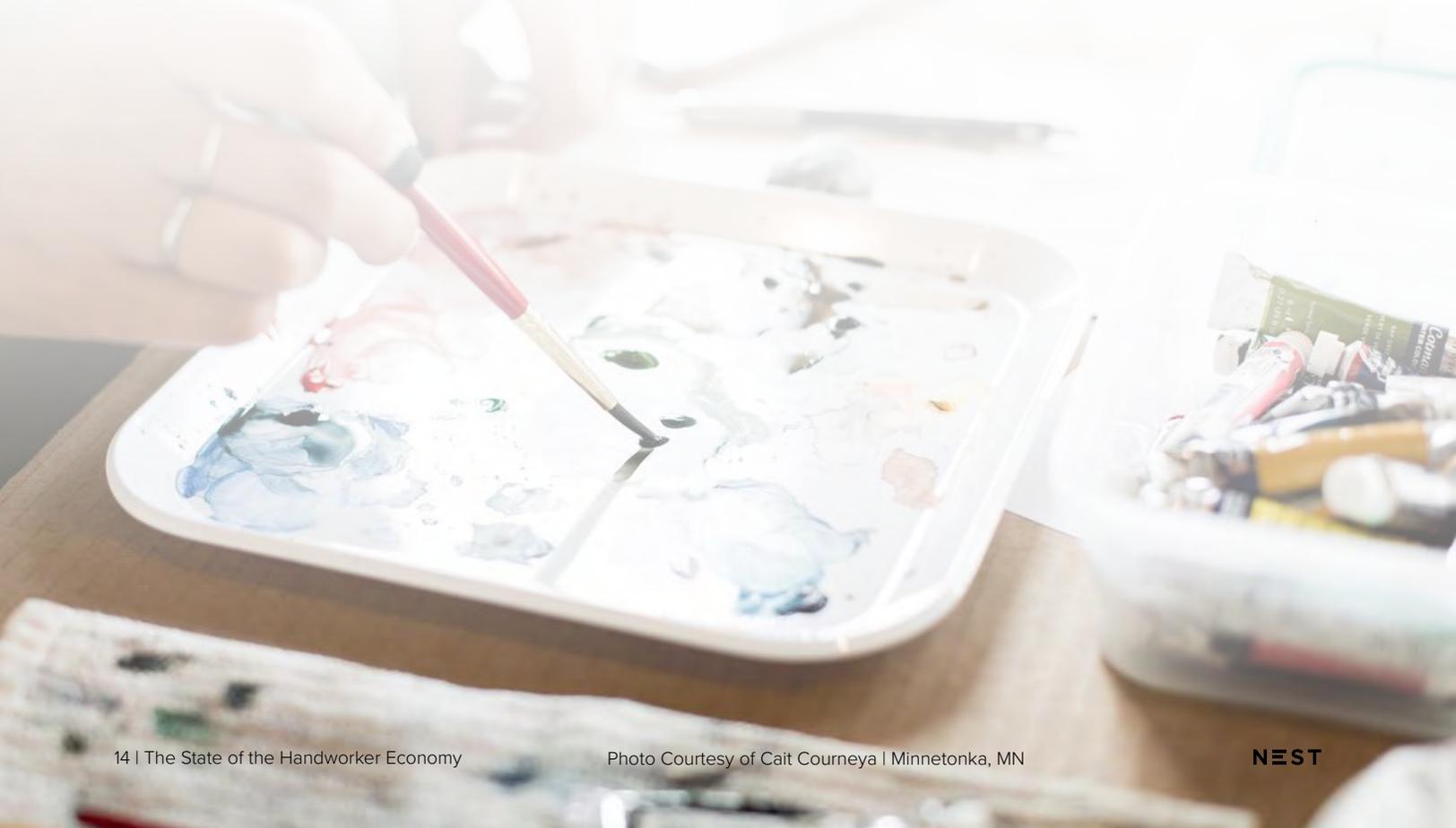
Photo Courtesy of Sara Patino Jewelry

Sample: 90 maker-entrepreneurs

- ▶ 90% women-owned and led & 64% minority-owned and led
- ▶ Most common product categories: home decor (31%) and jewelry (28%)
- ▶ Primary business challenges reported: creating brand awareness and access to capital/investment

More than half of the makers in this sample (58%) shared that they are unsure of the resources to turn to when seeking help with their business highlighting the need for greater mobilization and/or awareness of local programs and initiatives.**

** Nest (2021). *The Handwork Landscape: St. Louis, Missouri*. Nest's Makers United Project.





NYC—GARMENT DISTRICT

Photo Credit: Kristen Blush Photography

Sample: 105 maker-entrepreneurs

- ▶ 43% women-owned and led & 73% minority-owned and led
- ▶ Most common product categories: apparel (91%) and fashion accessories (34%)
- ▶ Primary business challenges reported: decreased sales/ lack of work and ongoing costs such as rent and overhead

The Garment District is an industry of immigrants built by immigrants—73% of makers in this sample are foreign-born and come from 19 countries. The diversity of this ecosystem has contributed to a richer labor market, combining a variety of backgrounds, experiences, and unique craft specializations.*

* Nest (2020). *The Handwork Landscape: NYC Garment District*, Nest's Makers United Project.



PUERTO RICO

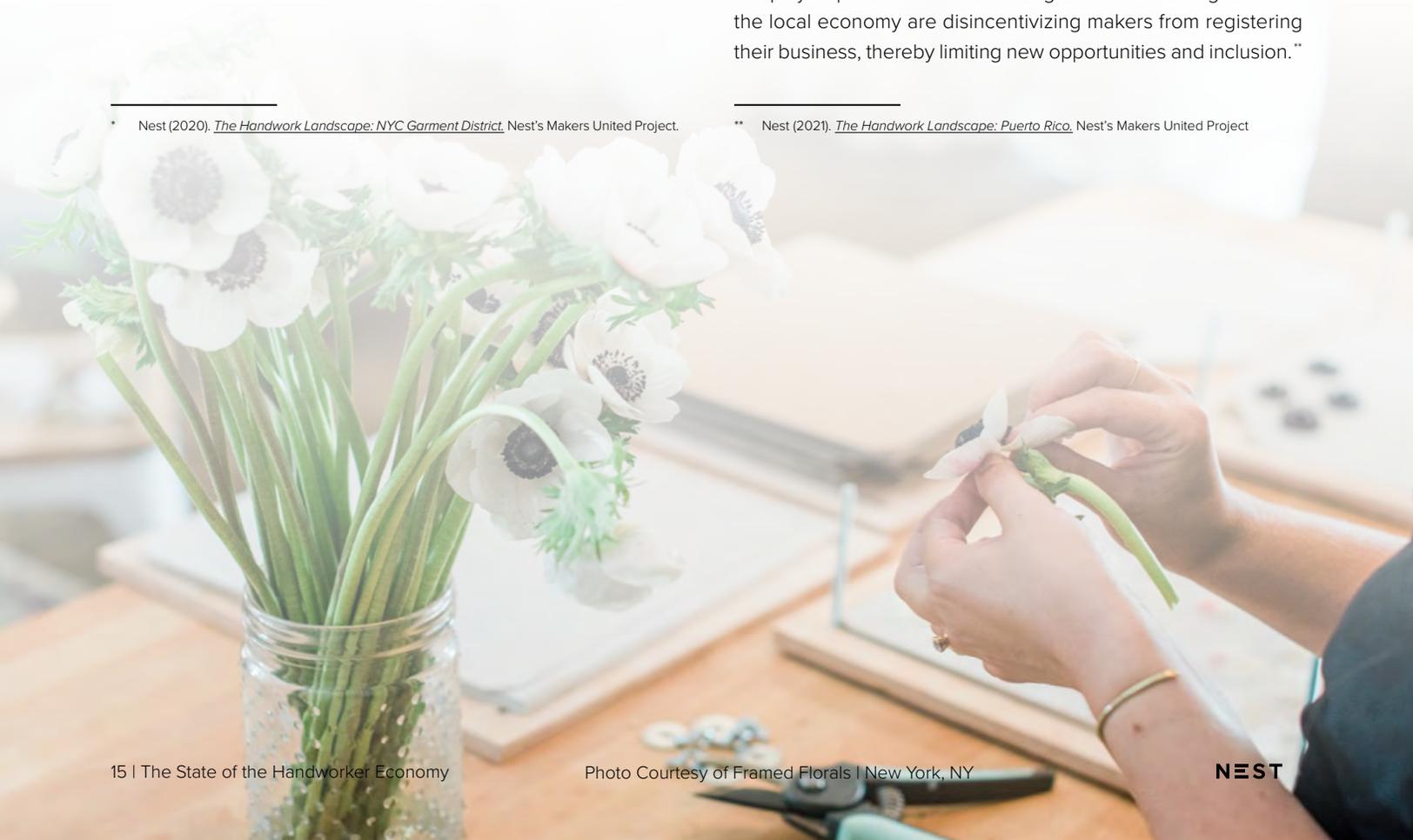
Photo Courtesy of Jazzy Jones

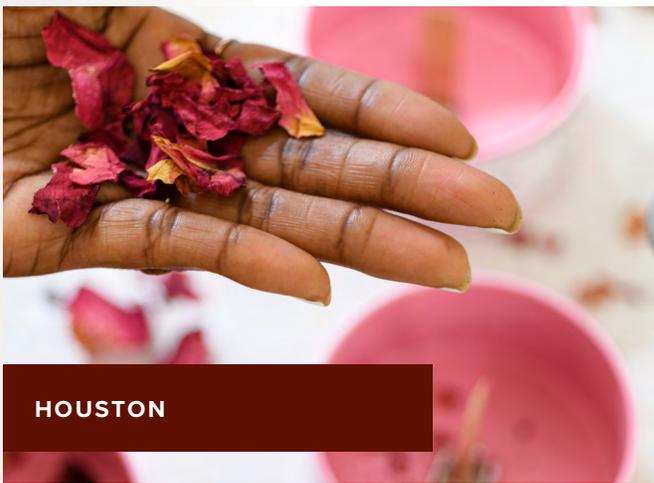
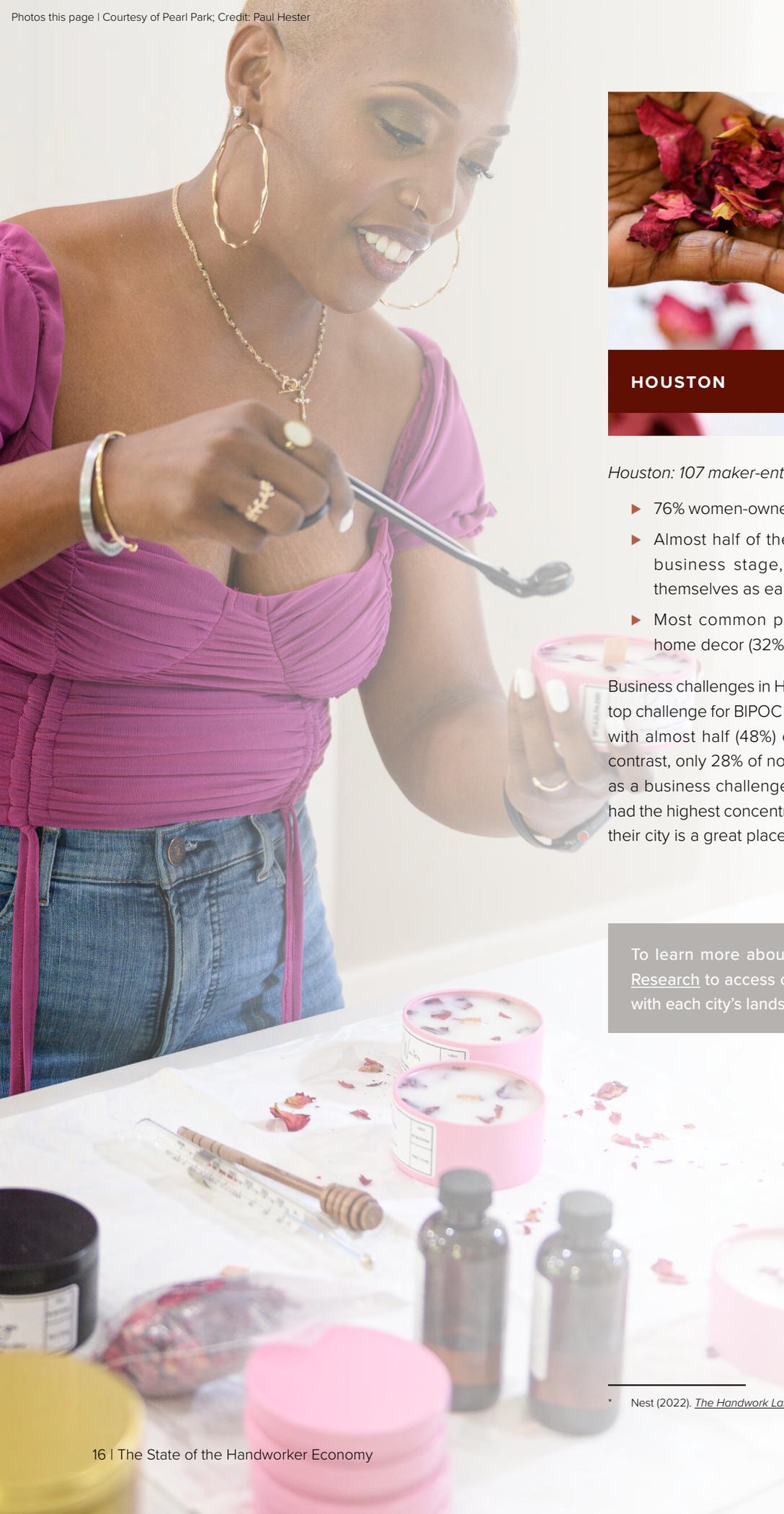
Sample: 71 maker-entrepreneurs

- ▶ 83% women-owned and led & 100% minority-owned and led
- ▶ Most common product categories: jewelry (45%) and home decor (34%)
- ▶ Primary business challenges reported: access to capital/ investment and the cost of scaling their business

Only 65% of makers in Puerto Rico have formally registered their business. Makers reported high costs, lack of transparency in services, and inconsistencies in incentives for registration, as key reasons due to which they have been unable to register their business. Compared to the national sample where over 90% of makers are registered, this highlights a unique geographic inequity in potential for business growth as challenges within the local economy are disincentivizing makers from registering their business, thereby limiting new opportunities and inclusion.**

** Nest (2021). *The Handwork Landscape: Puerto Rico*, Nest's Makers United Project





HOUSTON

Houston: 107 maker-entrepreneurs

- ▶ 76% women-owned and led & 51% minority-owned and led
- ▶ Almost half of the maker-entrepreneurs are at an early business stage, with half of the makers classifying themselves as early start-ups
- ▶ Most common product categories: jewelry (36%) and home decor (32%)

Business challenges in Houston differed substantially by race. The top challenge for BIPOC makers was access to capital/investment with almost half (48%) of the BIPOC makers reporting this. In contrast, only 28% of non-BIPOC makers listed access to capital as a business challenge. Of the seven city spotlights, **Houston** had the highest concentration of makers (over 80%) agreeing that their city is a great place to start a creative business.*

To learn more about city maker landscapes, visit [Nest Research](#) to access complete findings in detailed reports with each city's landscape mapping findings.

* Nest (2022). *The Handwork Landscape: Houston, Texas*. Nest's Makers United Project

05 Consumer Demand & Perspectives



INTRODUCTION BY ALEX BELLOS

President, West Elm

At West Elm, we're focused on offering our customers beautiful, handcrafted products, preserving traditional techniques, and contributing to the handworker economy—a commitment we first made in 2009. Starting with our first handwoven pillows from India and papier-mache from Haiti, our assortment and commitment have grown in line with both our business and the customer's desire for ethically handcrafted, locally sourced, and/or BIPOC-made goods.

Organizations like Nest help us set and meet goals around values-aligned sourcing. Nest is the first and only organization to certify ethical production for goods made outside of traditional factories. West Elm began working with Nest in 2013 as a founding partner and collaborator in building and launching the industry standards tied to the Nest Seal of Ethical Handcraft. This fall, we built on that commitment across our parent company, Williams-Sonoma, Inc., announcing a company-wide goal to source \$50 million in Nest Certified Ethically Handcrafted products by 2025.

At West Elm, we listen to our customers and follow their habits, interests, and tastes. In recent surveys, we found that 1 in 2 customers say that sustainability, social causes, and philanthropy play an important role in where they choose to shop. This is

particularly true among younger consumers, who are almost twice as likely to prioritize ethical or sustainable factors over older generations. You will learn more about this trend and others in the pages that follow.

As we consider the future of our company and our customers' evolving tastes, we know that high-quality, ethically produced, and beautifully designed products are what will continue to distinguish our brand and delight our customers. We will continue to listen and learn from our customers to ensure we are meeting their needs and doing our part to support makers and communities through ethical and sustainable sourcing.



CONSUMER PURCHASING TRENDS

The growing demand for handcrafted products is evident both globally and notably across the United States, with multiple recent studies showing that consumers are willing to pay more for handmade goods. This trend is only projected to accelerate, as it is led by younger generations who express a greater preference to buy from transparent and ethical sources.

According to a recent survey conducted by the Consumer Insights team at Williams Sonoma, Inc., over two-thirds of their US-based consumers reported that a retailer’s environmental, social, and governance (ESG) considerations have at least a moderate influence on their purchasing decisions. ESG is an umbrella term for several mission-driven motivations that underlie an organization’s collective approach to integrating social and environmental factors into its processes. For this study, ESG considerations were distributed across the categories of Sustainability, Social Causes, and Philanthropy:

SUSTAINABILITY

- ▶ Uses sustainable/organic/non-toxic materials
- ▶ Reduces climate and energy impact (e.g., net-zero carbon commitment)
- ▶ Reduces waste and packaging in manufacturing and shipping
- ▶ Supports recycling/refurbishment/re-use of materials and products

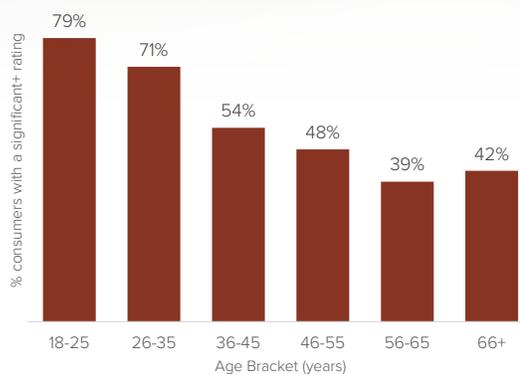
SOCIAL CAUSES

- ▶ Promotes fair trade and ethical labor practices
- ▶ Promotes diversity, equity, and inclusion
- ▶ Supports small businesses/locally made/handcrafted
- ▶ Supports domestic businesses

PHILANTHROPY

- ▶ Makes corporate donations
- ▶ Makes in-kind donations
- ▶ Promotes volunteering

Breaking down the data by consumer demographics, there is a strong correlation between the age of the consumer and how much of an influence ESG considerations have on where they shop.



Almost 80% of consumers in the youngest age bracket (18–25 years) reported that these considerations play a **significant or most important** role in decision-making around where to shop. When asked to rank the importance of actions retailers can take in supporting social causes, consumers said supporting “fair trade and ethical labor practices” was most important to them, followed closely by supporting “diversity, equity & inclusion” and “small businesses, locally made and handcrafted.”

This revealing data raises the question of both where consumer knowledge of “locally made” stands today and what are the key drivers of consumer interest in handmade and locally made products? With these questions in mind, Nest developed and conducted a market research study in 2021 to explore the driving factors behind consumer purchasing patterns in relation to handmade products across a representative digital panel of 980 consumers in the US. Consumers were selected to represent national average demographics and a qualifying factor for inclusion was the purchase of a handcrafted product in the past three years.

The findings from this study form a compelling and foundational base of evidence on consumer perspectives on the handworker sector. The data makes a strong case for investment in local manufacturing and ethical production that would bolster support and opportunity to help makers grow.



3 in 4 consumers would buy handmade products over machine-made.

The study asked consumers about their optimal preference for product types when purchasing. Given the option of handmade versus machine-made production for the same items, 75% of consumers selected handmade over machine-made. The motivations behind this purchasing preference varied across consumers, but similarities in rationale emerged with three top reasons:

- 1. Unique features of handmade products compared to machine-made
- 2. Higher quality of finish with handmade products
- 3. Desire to support the handmade workforce

Local sourcing is an important purchasing consideration for 1 in 2 consumers

Consumers were asked to share the most influential factors that impact their purchasing decisions to understand the commonalities across driving factors of handcraft purchasing. Almost half of the consumers in the study consider local sourcing an important factor while purchasing handcrafted products, and over half consider ethical production an important factor.

FACTORS INFLUENCING PURCHASING TRENDS OF HANDCRAFTED PRODUCTS



On average, consumers are willing to pay a premium for handcrafted many would pay almost 1.5x the unit cost.

To quantitatively understand the value consumers attach to handcraft, the study used a price sensitivity analysis method to calculate the monetary premium a consumer would be willing to pay for handcrafted products. Study respondents were provided with a sample product priced at its retail value and were asked to share the dollar amount they would pay as a premium if the product were known to be handcrafted. 21% of consumers in the study shared they would pay a premium over the given retail price for a handcrafted product, and on average they would pay a premium of \$36 on a product costing \$79, translating to a 46% premium.

Purchasing habits are changing, with trends forecasting higher demand for locally made in the future.

Nearly three-quarters of consumers report that their purchasing habits have changed in the past 5 years—with a key change being an increased interest in and willingness to purchase locally-made products and/or products with fair labor certifications. 72% of consumers also noted similar changes in purchasing habits among their family and friends, highlighting that these consumer trends are reflected on a community and national level.

Consumers purchase locally made products most commonly at local markets.

Over half of the consumers in the study purchase handcrafted products and locally made products at least once a month. The most common purchasing platform for consumers buying locally made products is local markets (65%), followed by online sales channels (51.7%).

PURCHASING PLATFORMS OF PREFERENCE



3 in 4 consumers are aware of makers in their local communities.

Over three-quarters (77%) of consumers know of local markets, cultural events, and hubs that feature makers in their local communities. Of these consumers, almost 80% have attended these markets or events in the past, highlighting a strong link between awareness and interaction with makers. Additionally, the frequency of interaction among these consumers is high, with 1 in 3 consumers visiting a local market or cultural event at least once a month, and 15% visiting as regularly as once a week.



FOSTERING CONNECTIONS BETWEEN MAKERS AND CONSUMERS

In 2021, Amazon Handmade and Nest teamed up to support artisan and maker businesses leverage the power of Amazon’s marketplace to increase their sales and impact. This partnership led to the launch of a dedicated cohort of artisan businesses who were promoted through a dedicated gateway on Amazon Handmade.

The collaboration featured businesses like Espacio Handmade—a women-owned artisanal leather goods business based in Austin, Texas. After receiving dedicated training from both the Nest and Amazon Handmade Team, Espacio Handmade was featured on Amazon Handmade’s *Our Favorite Finds*, and within days received dozens of orders for Espacio’s Big Spender Leather Wallet. In just a matter of weeks, founder Katrina Marhefka received hundreds of orders, more than she had previously received on the Amazon platform in the last five years combined. “I received 78 orders for the Big Spender Leather wallet on Amazon on just the first day!” shared Katrina. “It was unbelievable and amazing.”

Reflecting on the partnership between Nest and Amazon Handmade, Katrina shared, “Nest has been a pleasure to work with, I’m so grateful for the opportunities that the relationship has brought me. I’ve experienced exponential growth on Amazon Handmade since focusing my efforts using the tools and guidance provided by Nest.” As a result of the partnership between Amazon and Nest, and her exponential increase in sales, Katrina has had to hire additional production help to keep up with all the orders.

“

The viral success of Nest Guild members like Espacio Handmade on the Amazon Handmade platform reaffirm our commitment to providing maker businesses with a dedicated channel and platform to reach new consumers. In the wake of Covid-19, providing small maker businesses with a multi-channel sales strategy is essential to their resilience and ability to withstand unprecedented times. We are proud to support creative maker and artisan businesses as they leverage the Amazon Handmade platform in a way that efficiently connects them to the growing consumer demand for handmade product.—Leigh Anne DeWine, Director of Social Responsibility, Amazon

”

06 Makers & Their Local Economies



INTRODUCTION BY DINAH-KAREEN JEAN

Senior Manager Social Innovation, Etsy

Much like the larger US maker landscape, sellers on Etsy's marketplace are small business owners, sole proprietors, and self-employed creative entrepreneurs that may individually be small in scale but, collectively, have a significant economic impact. In the US, small businesses like those on Etsy's platform have, and continue to be, the heart of the national and local economies.

Looking at Etsy data alone, in 2020, Etsy sellers contributed \$13 billion to the U.S. economy, a +142% increase from our baseline of \$5.7 billion in 2018; created 2.6 million jobs in the independent worker economy; generated nearly \$4 billion in income for sellers; and produced \$6.8 billion in additional economic value by harnessing their creativity and bringing unique products to market.

Etsy remains committed to making conscious decisions to create and grow economic opportunities for creative entrepreneurs. We proudly serve as an on-ramp for entrepreneurship: anyone with a creative idea and \$0.20 can open a shop, reach tens of

millions of buyers around the world, and build a small business from the ground up. While our marketplace eliminates many barriers to entry for creative entrepreneurs, we know that significant hurdles still exist for makers on and off our platform. And as you will see in this chapter, which identifies a number of these challenges and suggestions for addressing them, the more we acknowledge and embrace the collective impact of these creative entrepreneurs, the better positioned we will be to inclusively support this undervalued national resource.



HIRING PRACTICES

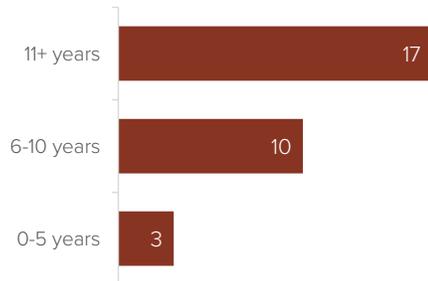
The substantial contributions of maker businesses to local communities and the economies they operate in are evident, yet under-documented due to the often small-scale and informal nature of their operations. From sourcing raw materials to creating new jobs in their communities to selling high-quality finished products to local consumers, makers increase economic opportunity in myriad and diverse ways within their local ecosystems.

However, they are overwhelmingly under-represented in public datasets and their contributions to their local economies are not widely recognized, understood, or acknowledged.

Within Nest’s Makers United network of 1,000+ makers, 59% report hiring additional staff including full-time, part-time, and seasonal workers. On average, this translates to employment for 9 individuals per business, who are typically located within their local communities.

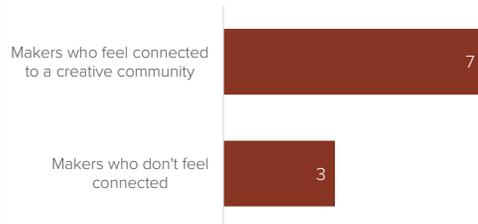
Across the same population, we found that makers who had been established for longer employed significantly more individuals as their businesses grew. Supporting makers and the growth of their businesses over a longer duration directly creates more jobs within their communities, and this impact is felt increasingly as businesses grow.

AVERAGE NUMBER OF INDIVIDUALS EMPLOYED BY MAKER BUSINESSES BASED ON YEARS ESTABLISHED



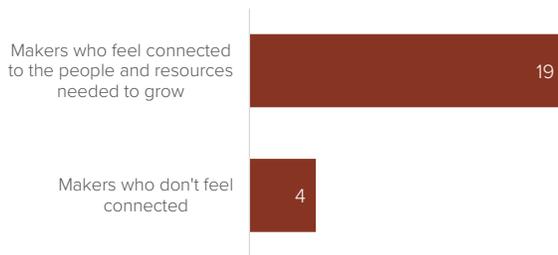
Makers’ ties to their communities are a strong indicator of the opportunities they are able to create within their local areas for employment. There are strong correlations between a maker’s feeling of connectedness to a creative community where they live and the number of individuals they employ. Makers who experience this connectedness employ more than 2X the number of individuals than makers who do not.

AVERAGE NUMBER OF INDIVIDUALS EMPLOYED BY MAKER BUSINESSES BASED ON MAKERS’ CONNECTEDNESS TO A CREATIVE COMMUNITY



Similarly, a maker's perception of being closely connected to the people and resources they need to grow is intrinsically linked to the size of their business (Chart 3). Makers who feel connected to the resources they need to grow employ 4 times more individuals than makers who do not.

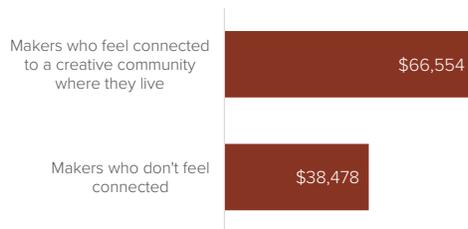
AVERAGE NUMBER OF INDIVIDUALS EMPLOYED BY MAKER BUSINESSES BASED ON MAKERS' ACCESS TO RESOURCES



While this highlights the potential of maker contributions to local economies, there is still a lot to be done to increase makers' access to the resources needed to thrive. Across the sample of makers above, less than half (43%) reported feeling closely connected to the people and resources they needed to grow.

Similar to hiring practices, maker connectedness reveals interesting correlations to overall business revenue in the Makers United network. On average, makers who feel connected to a creative community where they live report an annual revenue of almost double that of makers who do not feel this connection.

AVERAGE BUSINESS REVENUE BASED ON MAKER CONNECTEDNESS TO A CREATIVE COMMUNITY

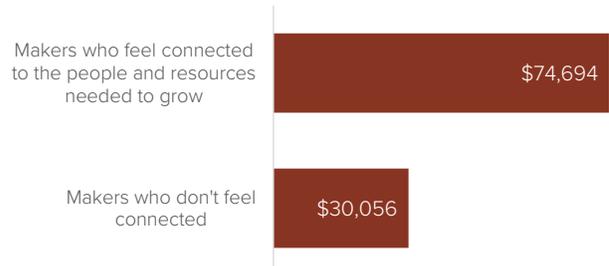


MAKER SPOTLIGHT

ALABAMA SAWYER is a certified Woman-Owned Business that mills urban timber from beautiful, local old trees that have fallen from storms, been displaced by development, or that are otherwise headed for the landfill or a fireplace. Its founders, Cliff and Leigh Spencer work with expert craftspeople at transforming this urban timber into elegant furniture, architectural elements, and objects, obsessively crafted to delight and to endure.

Makers who feel connected to the people and resources they need to grow report an average annual revenue 150% higher than makers who do not perceive a similar connection to people and resources needed for growth.

AVERAGE BUSINESS REVENUE BASED ON MAKER ACCESS TO RESOURCES



MAKER CONTRIBUTIONS TO LOCAL ECONOMIES

Etsy's 2021 Seller Census reveals further supporting data on the value of makers to their local economies. The census found that the vast majority of their sellers (95%) source their vendors and supplies domestically within their country of business. Almost half (48%) source within their own states, highlighting the opportunities that each individual maker creates for their local ecosystems. The extent of this impact is especially outstanding when recognizing that 98% of these sellers operate their businesses from their homes and do not have traditional formal establishments.*

Further, Etsy has documented makers' contributions to the broader retail ecosystem, with more than half of sellers in 2021 (57%) selling their goods via other channels in addition to Etsy, such as retail stores, craft fairs, social media, and other online sales platforms.**

* Etsy (2021). *2021 Seller Census - US and All States.*
 ** Etsy (2021). *2021 Seller Census - US and All States.*

LOCAL BRANDING INITIATIVES AS AN EQUITABLE ECONOMIC DEVELOPMENT TOOL

A Case Study by Urban Manufacturing Alliance

Making is an important part of a vibrant community, bringing innovation, creativity, and stability, as well as building a sense of place and economic opportunity. Yet, economic development leaders often struggle to understand the relevance of making in urban centers and regional economies because of outdated perceptions of the sector. But over the past decade, making—also referred to as small-batch manufacturing, or craft or artisanal production—has emerged as a strong economic driver, in large part due to changing markets, technologies, and ownership demographics. These new models of manufacturing bring with them higher paying jobs and career pathways, helping a region’s economy become more diverse, resilient, and sustainable—before and during major disruptions.

The Urban Manufacturing Alliance (UMA) has found that Local Branding Initiatives (LBIs) are an impactful economic and community development structure that helps current and future urban manufacturing business owners.* An LBI is a pioneering approach that creates an interconnected ecosystem of stakeholders that supports making and manufacturing businesses as they start and scale up. They each create and bolster ecosystems that respond to the unique needs and qualities of makers and manufacturers in their specific region.

LBIs across the country are developing programs, resources, and networks that support urban manufacturing—both legacy companies and the growing new wave of maker businesses—in order to increase diversity, build generational wealth, and establish a resilient regional economy. These systems are being created and improved upon through collaborations and relationships among diverse stakeholders engaged in a manufacturing entrepreneurial ecosystem that is open and accessible to diverse entrepreneurs. Underpinned by LBIs, UMA envisions an active, equitable, and interconnected community of makers and manufacturers in every region, with access to the resources and market opportunities needed to thrive.

No two cities, manufacturing ecosystems, or LBIs are the same; however, UMA sees consistent impacts, including helping manufacturers: access new markets and increase sales; create jobs; connect training programs with open jobs forging new workforce pipelines; and increase access to capital for women and business owners of color. LBIs often promote women- and BIPOC-owned companies in particular, emphasize the importance of both place and making, and educate consumers and leaders about the benefits of buying locally-made products. Underlying all LBIs is a belief that equitable economies, via making and manufacturing, are vital to the stability and sustainability of cities.

Luckily, there is no single or ‘right’ way to bring together makers, manufacturers, and their supporters. This allows for any region to leverage their skills, abilities, and resources to create a space that is inclusive, regenerative, accessible, and collaborative to lift up the importance of manufacturing and see it thrive in their community.**

UMA'S LOCAL BRANDING INITIATIVES ACROSS THE UNITED STATES



* Examples include: [Made in Baltimore](#), [Made in NYC](#), [Seattle Made](#), [Portland Made](#), [The Maker City](#) in Knoxville, and [BridgeWay Capital's Creative Business Accelerator](#) in Pittsburgh.

** Further reading on LBIs:

[Moving Towards Equitable Maker Ecosystems: The Role of Local Branding Organizations](#)

[Discovering Your City's Maker Economy](#)

[Local Progress Policy Brief: Local Branding Initiatives](#)



FOSTERING PRODUCTIVE CONNECTIONS WITHIN LOCAL ECONOMIES

A Feature on the Garment District Alliance’s Business Development Collaborative

Established in 1993, the Garment District Alliance (GDA) is a nonprofit organization serving New York’s famed Garment District. For nearly 30 years, the GDA has supported building owners and local businesses to improve the quality of life and economic vitality in their local community. In 2019, the GDA launched the Business Development Collaborative (BDC), an initiative that provides grants to organizations promoting business and workforce development in the District.

Soon after the launch of the inaugural program cohort, the onset of the COVID-19 pandemic dramatically changed the landscape of the Garment District. Business closings were widespread, both temporary and permanent, and pedestrian volumes dropped by 72% year over year by July 2020.* While the sudden impacts were shocking, they also compounded the challenges in production capacity and orders that businesses in the District had been facing for decades. Employment opportunities in manufacturing in the Garment District have dropped to around 5,000 jobs in total, in parallel to an alarming 74% decline in apparel manufacturing job.**

In the immediate wake of the pandemic, the inaugural program cohort, a diverse group of leading workforce development organizations that included experienced nonprofits, academics, and consultants, pivoted to address the compounding challenges that faced District businesses in the immediate wake of the Covid-19 pandemic. After intensive interviews with business leaders to identify immediate needs, cohort members delivered relevant workforce development training and expert operational support to business leaders to help them weather the storm and strengthen their resiliency.

Across all of the diverse services delivered throughout the inaugural year, program providers made important strides towards advancing their individual goals and realizing the Business Development Collaborative’s vision of catalyzing business development in the district, ensuring the neighborhood’s workforce remains competitive and fostering the ongoing dynamism of the district. Together they surveyed the District businesses to develop a comprehensive report that outlines key challenges and opportunities in the District; provided expert-led workshops designed to address business-identified issues; developed a public campaign to bring greater attention to the skilled labor and potential of the District; and, hosted a virtual event to connect brands and corporate partners with manufacturers.

In June 2021, the BCD cohort members completed their services in the District. Together, they supported almost 130 businesses through comprehensive programming designed to address their short-term needs and better position them for long-term success. The achievements of this cohort are the result of tremendous flexibility, creativity, and resourcefulness in response to ever-changing conditions. Throughout their service terms, cohort members learned critical lessons related to program recruitment, participant retention, and implementation capacity that will inform future activities in the District.

* *Economic Quarterly Report: 1st Quarter 2021, Garment District Alliance, Spring 2021*, Retrieved August June 6, 2022.
** *Economic Quarterly Report: 1st Quarter 2021, Garment District Alliance, Spring 2021*, Retrieved August June 6, 2022.

HOW DO MAKERS CONTRIBUTE TO LOCAL COMMUNITIES?

Qurate Retail GroupSM comprises seven leading retail brands – QVC®, HSN®, Zulily®, Ballard Designs®, Frontgate®, Garnet Hill®, and Grandin Road®—all dedicated to providing a more human way to shop.

Qurate Retail Group was inspired by the role that small businesses and entrepreneurs played in creating resilience within their communities by developing innovative strategies and initiatives to address the unforeseen challenges brought about by the COVID crisis. In addition to their contributions to innovation and local employment, these small business leaders met urgent needs for PPE production and distribution of other local goods and services when global supply chains were disrupted. Recognizing this essential contribution, Qurate Retail Group also saw that small businesses needed to access new audiences in order to continue to grow and contribute to their communities in a meaningful way. Many small businesses and makers struggled to transition into a competitive online marketplace quickly enough to make up for the revenue lost from sales in local stores and in-person events such as markets and community fairs.

Acting quickly on this opportunity for impact, Qurate Retail Group launched the “Small Business Spotlight” program in 2020, a collaboration with the NRF Foundation to build on their longstanding foundation of supporting small businesses and giving them a platform when they needed it most. At a time when these businesses were dealing with the dual challenges imposed by pandemic restrictions and limited opportunities for market

visibility, Qurate Retail Group helped raise their profile with customers nationwide, who then bought products directly from these small businesses. The Small Business Spotlight offered unparalleled access for these businesses through on-air and digital opportunities on QVC, HSN and Zulily. Through the power of live video storytelling, discovery-driven shopping experiences, and loyal customer community-building, Qurate Retail Group brought small businesses exposure to and traffic from millions of homes and devices across the U.S. Market access is one of the most important drivers of success for entrepreneurs in the United States, helping businesses increase sales and market share to grow and scale. Across the 850+ makers in Nest’s Makers United program, the most sought-after programming is reported to be market access and sales opportunities, such as sourcing support and participation in pop-ups and roadshows in order to expand their customer reach.

After the first phase of the Small Business Spotlight program in 2020, more than 80% of businesses reported increases in online sales and new customers in a follow-up survey. Overall, many Small Business Spotlight entrepreneurs have reported double-digit or even higher increases in sales, new customers, and/or customer contacts as a result of their participation in the program.

Based on the initial impact and success of the 2020 program, Qurate Retail Group expanded the program in 2021, with a focus on supporting entrepreneurs from underrepresented groups. Qurate Retail Group recently announced the application launch for their 2022 Small Business Spotlight program.



MAKER SPOTLIGHT

Ming-Ming Tung-Edelman is the Founder and Executive Director of **REFUGEE ARTISAN INITIATIVE (RAI)**, which provides artisan skills training to recently resettled refugees and immigrant women in Seattle. As an immigrant from Taiwan, Ming-Ming has a deep connection and passion to educate, employ and foster this community of women. She says, “We believe that the power of tools plus skills, can change lives.” Her sentiment was actualized when RAI pivoted early in the pandemic to begin mask production which resulted in the creation of 80,000 face coverings for Seattle Metro bus drivers, postal service workers, prisoners, healthcare workers, members of the Navajo Nation and many others. They have now transitioned to making sustainable medical scrubs for healthcare workers.

07 Barriers to Equity



INTRODUCTION BY TORY BURCH

*Executive Chairman and Chief Creative Officer, Tory Burch
Founder, Tory Burch Foundation*

When I started my company in 2004, empowering women was in my business plan. My concept was to create luxury products that were aspirational and accessible — the pieces I was missing in my own wardrobe. But I also wanted to start a foundation for women.

I dreamed of building a company that would change the dynamic for women, particularly women entrepreneurs. As a working mother who was raised by an incredible mom, I understood the obstacles they face. Access to funding is one of them—50% of entrepreneurs are women, but they receive less than 3% of venture capital. There are other barriers to women’s equality, too: stereotypes, biases, limited childcare support, and more.

We launched the Tory Burch Foundation in 2009 to help fill those gaps and encourage women everywhere to embrace their ambition. Our annual Fellows program provides resources, education, and community to women entrepreneurs, and every year its impact grows. Tory Burch Foundation Fellows regularly outperform the average early-stage U.S. company; they generate higher revenues, raise more capital, and stay in business longer.

Many of our Fellows also have what we call a “double bottom-line”: giving back is built into their growth. It is so gratifying to support these women, who are in turn supporting and uplifting their communities.

For these reasons and more, I am thrilled to partner with Nest on the Revolving Maker Fund, a dedicated no-risk loan program for

women artisans in Nest’s Makers United group. I have a deep respect for American art, craftsmanship, and design, so Nest’s mission is especially close to my heart. Through partnerships like this, we can celebrate artisans’ creativity and help them thrive as entrepreneurs.

We distributed our first grants to makers across the country in 2021 and gathered data that emphasized the need for this work. **For 47% of loan recipients, the Revolving Maker Fund’s financing was the first type of funding they had ever received; 90% of makers said their personal savings were their primary source of funding; and 65% of women reported that access to capital was their greatest barrier to success.** For minority artisans, these challenges are often even more difficult to overcome.

In the following chapter, Nest explores the various barriers to equity faced by women and minority artisans in the U.S., as well as the solutions that could help level the playing field.

I hope these learnings can inform a world where all American makers—regardless of their race, gender, or other identities—have the opportunity to succeed.

MEETING THE MOMENT: CREATING A PATH TO MAKER FINANCING

by **Chris van Bergen**

Chief Financial & Operating Officer, Nest

In 2021, as the longer-term economic effects of Covid-19 were coming into focus, Nest was contacted by the Tory Burch Foundation about developing a maker financing program. The program would complement the Foundation's mission of supporting female entrepreneurs with the business development resources and capital they need to grow their enterprises by leveraging Nest's expertise to extend this opportunity to maker entrepreneurs, a population the Foundation had not previously worked with due to their overall size of business.

Maker businesses in the US often operate as a side hustle and are therefore overlooked by traditional business incubator programs as well as lending programs. Many of the makers in Nest's Makers United program report never successfully engaging in either grants or financing programs, as traditional lending institutions often do not regard them as legitimate small businesses because they cannot determine appropriate credit risk. More community-based lending initiatives such as CDFIs require business history and/or accounting that the makers are not yet sophisticated enough to provide. And now, in the wake of Covid-19, makers are more hesitant to engage due to concern over interest rates and credit rating impacts, given the unpredictable business climate of the last few years.

In response to this reality and with generous funding and development support from the Tory Burch Foundation, as well as economic guidance from the Social Impact Lab at Lynn University, Nest launched the Nest Revolving US Maker Fund Supported by the Tory Burch Foundation in late 2021.

This pilot program provided small-scale repayable grants of \$2,500-\$5,000 to 50 women or woman-identifying, and/or BIPOC maker entrepreneurs in four of Nest's Makers United program geographies. Additionally, selected entrepreneurs received financial acumen training and were matched with a dedicated program advisor to support them as they walked through the program.

The goals of this pilot program were to prove that when given the opportunity, makers can successfully borrow capital to grow their businesses and social impact, and that they have the ability and desire to repay the funds back to establish a revolving fund—thereby generating more inclusive economic opportunities and strengthened networks. This program was also designed to be a stepping stone to traditional lending programs: through this program, participants gain the business practices, skills, and borrowing history required to successfully apply for financing through more traditional and advanced avenues.

Six months through the pilot program, preliminary data shows the social and economic impact this program is having among women or woman-identifying and historically marginalized maker entrepreneurs. For almost half of the recipients, this opportunity was the very first time they received any sort of financial support (either grants or loans). Through quantitative and anecdotal feedback, makers are confirming their ability to take full advantage of the program in order to take their businesses to the next level: improving their branding, marketing and e-commerce presence; improving back-office systems through the acquisition of accounting services and business software;; purchasing materials and/or employing more workers to fulfill new orders; and increased confidence in business planning and seeking future funding opportunities.

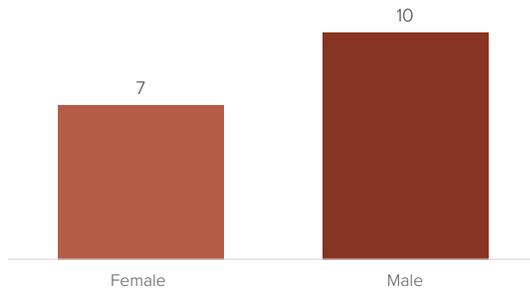


GENDER

The global majority of artisans, handworkers, makers, and creative entrepreneurs are women. Etsy's 2021 Seller Census found that 79% of sellers on the platform based in the US identify as women.* This statistic is corroborated by Nest's findings in their Makers United network, where 87% of maker-entrepreneurs identify as women. This presents a significant opportunity to advance gender equity in business leadership as nationally, only 36% of businesses across industries are owned and led by women. **The craft and maker sector deviates from traditional and antiquated norms of business ownership and highlights success stories of women-founded businesses that are thriving.**

Yet, women makers face critical barriers to business growth and market access compared to their male counterparts. Within Nest's Makers United network, a significant finding was the structural differences between male-led and female-led maker businesses. Maker businesses led by women are on average, more recently established compared to male-led maker businesses, with an average business age of 7 years.

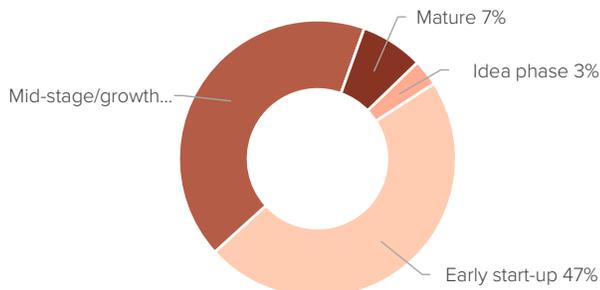
BUSINESS AGE BY GENDER



Almost half of women maker businesses are in the early start-up stage (defined as the phase where businesses have some customers and initial products but are still developing their business plan), and only 7% consider their businesses to be mature (defined as significant year-over-year growth and/or a solid core of employees.) The proportion of male-led maker businesses that are in the mature phase is two times higher than that of women-led maker businesses.

BUSINESS STAGE BY GENDER

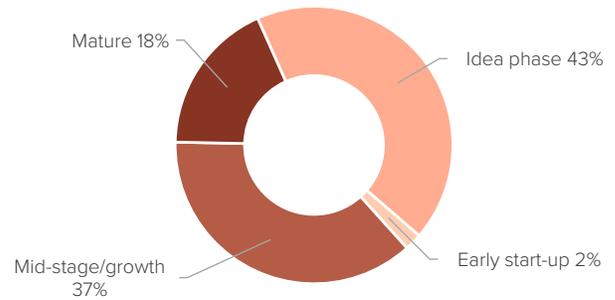
Female-owned Businesses



* Etsy (2021), [2021 Seller Census - US and All States](#).

BUSINESS STAGE BY GENDER

Male-owned Businesses



These statistics highlight that while women make up the majority of the maker workforce, male-led businesses are in more advanced stages of growth.

From a smaller sample of makers that provided revenue data, we also see substantial differences in average revenue between women-led and male-led maker businesses, with the latter having an average revenue almost 2X higher.

The top three primary barriers to business growth disaggregated by gender revealed interesting variations in the types of barriers makers face and the intensity of the challenge this presents. A higher proportion of female makers reported the following as primary barriers:

- ▶ Access to capital/investment
- ▶ Access to professional service expertise
- ▶ Childcare as a barrier to employment
- ▶ Cost of scaling
- ▶ Creating brand awareness/storytelling
- ▶ Standing out and growing online sales

When asked about connections within their local communities, a higher proportion of male makers (53%) shared they felt connected to the people and resources they needed to grow their business. In comparison, only 42% of female makers reported the same.

In addition to disproportionate business demographics and access to growth opportunities, data from Etsy reveals that women sellers on the platform find it more challenging to dedicate time towards their business due to personal reasons such as childcare—which women cite as a barrier seven times more than men.** It was also found that more women are more likely to face barriers to acquiring digital skills, which put them at an unfair disadvantage to building capacity as a large proportion of current opportunities rely on digital literacy.***

** Etsy (2020), [Global Etsy Seller Census](#).

*** Etsy (2020), [Global Etsy Seller Census](#).

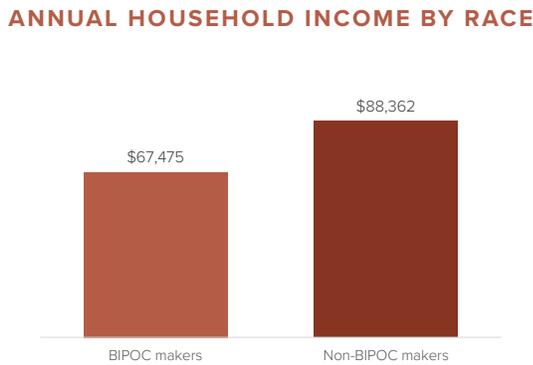
RACE

The Makers United data was disaggregated by race, specifically by categories of Black, Indigenous, and People of Color (BIPOC) and non-BIPOC makers to evaluate any substantial discrepancies resulting from systemic racial inequities, in makers' access to resources and capital as well as opportunities for business growth.

The average annual revenue for a BIPOC maker in this dataset is \$37,391, which was found to be less than half of the average revenue of a non-BIPOC maker in the same network.



In parallel, maker household incomes also varied substantially, with the average household income of a non-BIPOC maker reported to be 31% higher than a BIPOC maker.

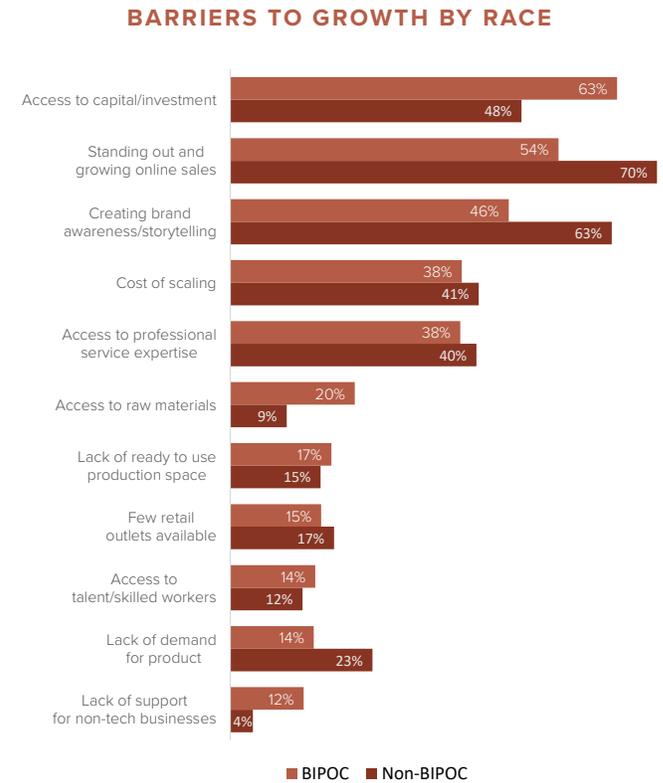


Within the maker dataset, wider discrepancies were found in specific regions—for example, in Detroit, 29% of minority makers come from lowest-income households (under \$30,000) compared to only 18% of Caucasian makers. Additionally, 52% of Caucasian makers belonged to the highest-income households (\$75,000 and higher) compared to only 30% of all minority makers.

These findings confirm the intrinsic correlation between race and income across makers nationally and also align with national census data around income variations between BIPOC and non-BIPOC households. In 2019, the median household income for Caucasian/White households was \$76,057 compared to Black households that had a median household income of \$46,073—implying that the median Black household earned just 61 cents for every dollar of income a median white household

earned.* Racial disparities in income have largely remained unchanged in the past few years despite overall income growth, highlighting the need for targeted investments and solutions for BIPOC makers who face systemic challenges to increasing income and growing their business.

When reporting primary barriers to business growth, the responses to many of the common barriers were similar however, one standout difference was in the number of makers who selected access to capital and investment as a barrier to growth. Almost two-thirds of BIPOC makers (64%) reported access to capital as a key barrier whereas less than half of non-BIPOC makers (48%) reported the same.



A small number of businesses (less than 5%) also listed Transportation as a Barrier for Employees or Customers and Childcare as Employment Barrier

Similarly, the Etsy Seller Census asked sellers about the financial challenges they face, and it was found that Black sellers selected more options for this response than any other race/ethnicities. The top two challenges were revealed to be inconsistent sales (68%) and marketing and business/brand promotion (66%).

These statistics highlight the disparities in opportunities and challenges faced by makers of different demographics, and must be an underlying consideration when designing solutions, programming, and investment for this diverse sector.**

* Wilson, V. (2020). *Racial disparities in income and poverty remain largely unchanged amid strong income growth in 2019*. Economic Policy Institute: Working Economics Blog.

** Etsy (2020). *Global Etsy Seller Census*.

CASE STUDY: THE QUILTERS OF GEE'S BEND

Traditional Craft & Racial Equity

Gee's Bend, also known as Boykin, is a small town along the Alabama River with around 250–300 residents, most of whom trace their lineage back to slaves and shareholders of the Pettway Plantation. Individuals in the Gee's Bend community are renowned for their exceptional artisanal skills in quilting which are believed to have been passed down through generations over the last two hundred years and their story constitute a crucial chapter in the history of American craft.

While this community has earned global acclaim for countless patchwork masterpieces, the fame has not translated into economic advancement. The average annual income in Gee's Bend remains at about \$16,000.* Some residents live without the basic amenities of mobile and internet access, limiting the quilters' ability to expand the sale of their goods.

Since 2019, Nest has been working closely with the community of Gee's Bend in partnership with Souls Grown Deep, Etsy, and other brand partners to achieve market linkages that expand economic opportunity and the wellbeing of the community. From setting up individual storefronts on Etsy to establishing wholesale partnerships with preeminent fashion brands including Chloé and Greg Lauren, these cross-sectoral partnerships have provided capacity building support, built local infrastructure, and cultivated creative and long-lasting market linkages. These initiatives have resulted in:

- ▶ Over \$400,000 in income to the quilters who have become shop owners on Etsy's direct-to-consumer marketplace platform
- ▶ Partnerships with fashion brands including Chloé, Greg Lauren, and House of Harlow that have led to over \$122,000 in income for quilters participating in these wholesale collaborations
- ▶ A 400%+ increase in average quarterly income for quilters who launched Etsy shops, increasing from \$4,210 to \$17,625
- ▶ A 291% return on investment based on \$180,000 of philanthropic investment in the community and over \$524,243 in income through cross-sectoral partnerships
- ▶ Ongoing community trainings, facilitated by leaders in the community on topics ranging from digital literacy to opening a bank account to product photography to keep Etsy shops up to date

* Nest (2021). *Shared Prosperity Study in Gee's Bend: A Mixed-Methods Analysis of Income and Cost of Living*. Nest Research Briefs 1(1).

Reflecting on what these recent opportunities have meant for her own economic independence, quilter and community leader Claudia Pettway Charley shared, “The collaboration between Nest, Etsy, and Gee’s Bend is undeniable in its success. My shop has been extremely successful, and I’ve gained so many new customers...it has allowed me to pay for my children’s college tuition, help my family with household expenses, and travel, and offers me peace of mind. Additionally, it has allowed me to give back to my community and other non-profit groups.”

In 2021, a community research study by Nest and Souls Grown Deep interviewed a number of quilters on their hopes and aspirations for how craft can continue to serve as a primary source of income for them and their families. The study found that none of the quilters they interviewed were interested in moving to another occupation in place of their craftwork if they were to receive the same amount of financial compensation or even a higher amount. This highlights the economic opportunity of quilting in this community and the value that the quilters place in this craft.

This research also revealed that the opportunity remains to further support the quilters’ income-generating activities. Analyzing the gap between income and expenditure at the individual quilter level, 40% of quilters reported a cost of living that is higher than their monthly household income. Additionally, all the quilters are seeking new sales opportunities. In addition to 100% of quilters sharing their interest in continuing to generate sales through their own shops or directly to friends and customers, 90% are interested in sales to museums and galleries and 80% would like to collaborate with designers and fashion brands.





FEATURE: EMBRACING THE SIDE HUSTLE

by Ashia Sheikh Dearweaster

Chief Strategy & Partnerships Officer, Nest

In March 2020, Covid-19 threw our social and economic lives into total upheaval. In the immediate wake of global lockdowns, an unprecedented number of employees were furloughed from what were once considered “stable” 9-to-5 jobs. It was those who had “side hustles,” like owning their own Etsy shops or Uber Eats drivers, who were able to bring in desperately needed income to keep themselves and their families afloat.

The pandemic drove many individuals to start creative businesses at a time when more traditional forms of employment were unavailable or unable to meet individuals’ health and safety concerns or new caretaking responsibilities. According to Etsy, 42% of sellers who started their businesses in 2020 did so in response to Covid-19. Additionally, half of all sellers cited employment-related financial challenges as being the primary reason they started their business.

As a whole, sellers reported their Etsy earnings as an important source of income throughout the pandemic. 9 in 10 sellers shared that the importance of this income stayed the same or increased, and two-thirds reported that their total earnings stayed the same or increased during this time.

It’s easy to claim ROI or financial impact from traditional employment opportunities as the driving force of community-focused investments, but there is a greater story to be told. There is enormous potential for social and economic advancement, as well as personal stability when side hustles are embraced and investments are made to support them.

What does this overlooked pathway for income generation mean for individuals and their families in terms of economics, impact, and personal fulfillment? According to the US Census Bureau, two of the largest growing industries since the onset of

Covid include Courier and Messenger Services as well as Retail E-commerce.^{*} With the rise of direct-to-consumer platforms that offer low barriers to entry—like Etsy, Amazon, Instagram Shopping, Square, and Shopify—supplemental incomes from entrepreneurial side hustles are significant.

Etsy alone grew full-year revenues by +111% from 2019 to 2020,^{**} meaning more direct income for Etsy shop owners. Within the craft space specifically, more than one-third of makers cite revenue from their craft as supplemental, rather than primary, income. That supplemental income can be integral to financial resiliency as businesses and organizations strive to have diversified sources of revenue.

From a human standpoint, the personal motivation, fulfillment, and desire for a side hustle are not to be overlooked. Practically they provide tremendous flexibility, which is especially critical for women, many of whom have left the traditional workforce because of the nimbleness needed to care for children and other dependents throughout the pandemic. In the US, 79% of full-time independent gig economy workers said they were happier when working on their own than at a traditional job^{***} and that comes as no surprise.

Almost 1 in 2 makers in the Makers United network report their income from making to be a supplemental income source. Unlike other descriptive variables, this statistic has little to no variation across demographic variables such as makers’ gender and race, emphasizing the universal and equitable nature of the security that supplemental income can provide to all individuals. Side hustles provide personal gratification while supporting self-determination and mental well-being for those who desire to create. They are able to provide much-needed flexibility and opportunities during unforeseen social and economic crises in ways that more traditional jobs cannot—emphasizing the critical need for recognition and philanthropic investments in opportunities outside of primary income sources.

* Breaux, C., Fernandez, J. & Griffis, B. (2021). *Quarterly Services Survey Shows Pandemic’s Economic Impact Varied by Industry During 2020*. United States Census Bureau: Not All Industries Experienced Declines During the Pandemic

** Stankiewicz, K. (2021). *Etsy CEO hopes to build more e-commerce market share no matter what happens with Covid*. CNBC E-Commerce.

*** Broda, K. (2022). *Gig Economy – The Economic Backbone of the Future?* Brodmin Case Studies.

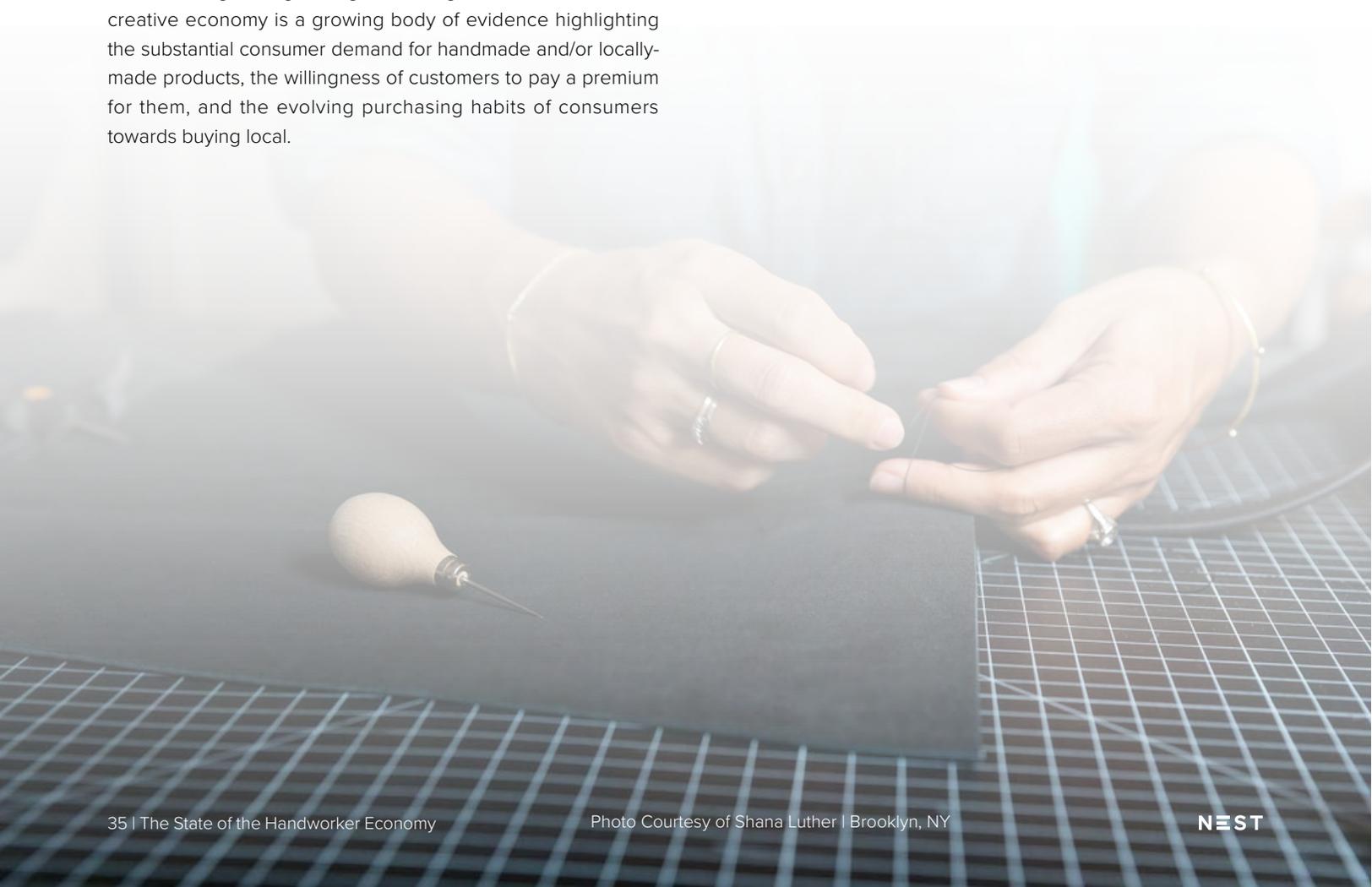
08 Conclusion

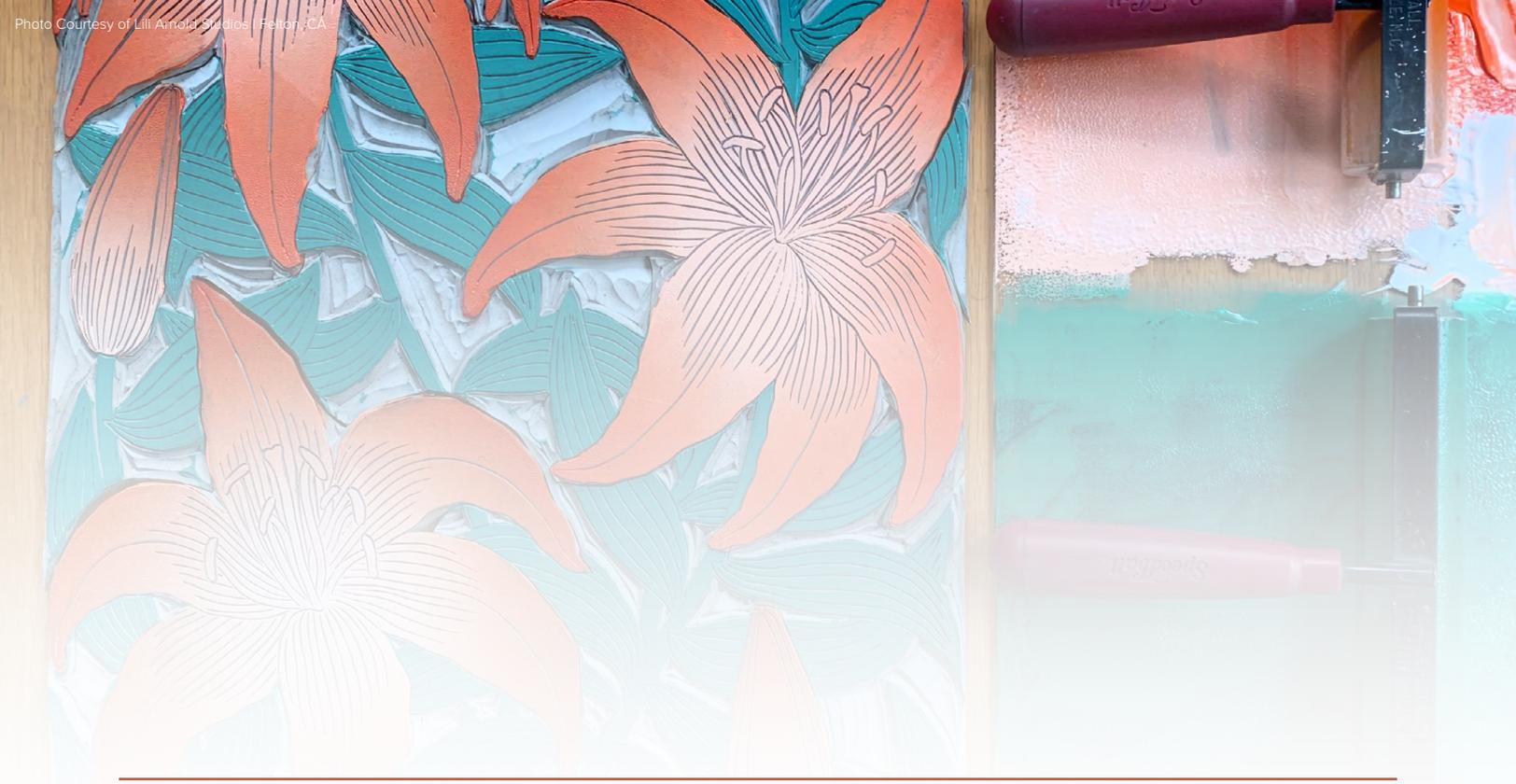
The US artisan, maker, and creative economy is vast—employing millions of individuals across the country. While much remains to be known about this ever-evolving sector, the SHE Report: US Edition has established a first-of-its-kind benchmark against which its economic growth and social advancement may be measured. It also offers a case for greater corporate, philanthropic, and governmental investment within this promising sector.

By examining the US maker economy's demographics, it is evident that this sector is not only massive in number, but greatly diverse—representing countless gender and racial identities, ages, and physical abilities from almost every corner of the country. While this diversity is something to be celebrated, it is not without its challenges. Historically marginalized makers, such as women and people of color, often face significant barriers to accessing the resources they need to grow and sustain their businesses over time. This remains true in spite of research that shows that maker entrepreneurs who have the social and economic support they need to succeed create meaningful sourcing and employment opportunities within their communities.

Further strengthening the argument for greater investment in the creative economy is a growing body of evidence highlighting the substantial consumer demand for handmade and/or locally-made products, the willingness of customers to pay a premium for them, and the evolving purchasing habits of consumers towards buying local.

Market demand combined with evidence of the social and economic benefits maker entrepreneurs create within their communities should compel more private and public sector actors to make capital and resource investments in local maker hubs. By bringing greater awareness to this sector, meeting their business needs in practical ways, and shopping their products, we can all take part in elevating the creative economy, ensuring that it remains diverse, vibrant, and impactful for many generations to come.





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