Twitter Thread by Nan Wang

Nan Wang
@nansterio

Today we launch our coverage of @gumroad: the online checkout and product page for creators.

We dug into the data, built a revenue model, and interviewed creators and entrepreneurs to understand what @gumroad could be worth. ■

As @ljin18 points out, the unbundling of work has fueled the growth of a broad ecosystem of tools for creators.

Today, we're seeing a rebundling of that ecosystem across both all-in-one platforms (@stir, @podia) and best-in-class products (@gumroad).

https://t.co/merZhn8bfo

> What is the ecosystem of companies needed to support this trend?
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> Traditional employment is itself a bundle of income, benefits, team, learning, etc.
>
> Independent workers must piece these elements together on their own, creating opportunities for vertical & horizontal platforms\U0001f447 pic.twitter.com/5sEptdu1AK
>
> — Li Jin (@ljin18) July 29, 2020

.@gumroad's mission is to be the easiest way to get started selling goods online, whether that's a digital brush set, a photograph, a video, an app—or virtually anything else. They added memberships in 2020, and courses are next.

The company has facilitated $400M+ GMV since its inception. In 2020, COVID tailwinds drove 90% YoY growth, with more than $9M in revenue coming in on $142M in GMV.

.@gumroad is big with new creators and those making under $10,000 per year because of the ease of setup and 6.5% (blended) take rate, low relative to other online marketplaces like:

- eBay: 10%
- Etsy: 12%

- Cameo: 25%

The problem is that past $10k~ per year in revenue, there comes an equilibrium point where a course creator on Gumroad can pay the same or less on a vertical platform like @kajabi and get more features.

The result has been a bifurcation of the market, with platforms like @teachable @kajabi @podia more closely serving the needs of those higher-income creators and Gumroad serving the long tail or mass of creators.

While it's true that selling online is a side project for many, creator upward mobility is critical.

The top 1% of creators generate 50% of total GMV and the top 12% generate 80% of total GMV

Without a robust middle class, @gumroad may have trouble sustaining its growth

.@gumroad has one major advantage: their roadmap and fundraising strategy have been carefully tailored for creator-alignment.

That gives creators the feeling that they can trust Gumroad to act in creator-aligned ways rather than VC-aligned ways in the future.

And the large scale possible from operating over the long tail could be a huge opportunity for @gumroad.

Just as @Shopify leveraged operating at that kind of scale to “arm the rebels” in e-commerce, Gumroad can do the same for creators.

https://t.co/GyyhS4VCZc

> 8/ Law 5: Arm The Rebels
>
> The powers is moving from the institutions to the individuals because individuals can now scale themselves. They're called creators.
>
> Companies like @Shopify are arming them w/ Saas-powered infra. They're leveling the playing field.
>
> — Hugo Amsellem (@HugoAmsellem) February 2, 2021

Where companies like @Shopify & @Bolt are using data to optimize the B2C checkout, @Gumroad can do the same, with more interoperability (native, deep embeds with 3rd parties), more conversions (Apple Pay, recommendations) and more products (courses, coaching, NFTs).

In our base case, Gumroad continues to grow as a kind of onramp to the creator economy for millions of new makers.

But building the best checkout for creators gives them a shot at building a $1B company and becoming an integral part of that economy.

https://t.co/cz3sI2z7ZL

> Creator economy update: "There are now more than 500,000 paid subscriptions across Substack, and the top ten writers collectively make more than $15 million a year. It\u2019s still early days, but this thing is happening."https://t.co/hIP7kF3tlm
>
> — Patrick Collison (@patrickc) February 8, 2021

Read our full report and 6 expert interviews on Gumroad here: https://t.co/Vc0iSjhFfe

And for more deep dives on private companies, sign up at https://t.co/F9g3cPZ8tA