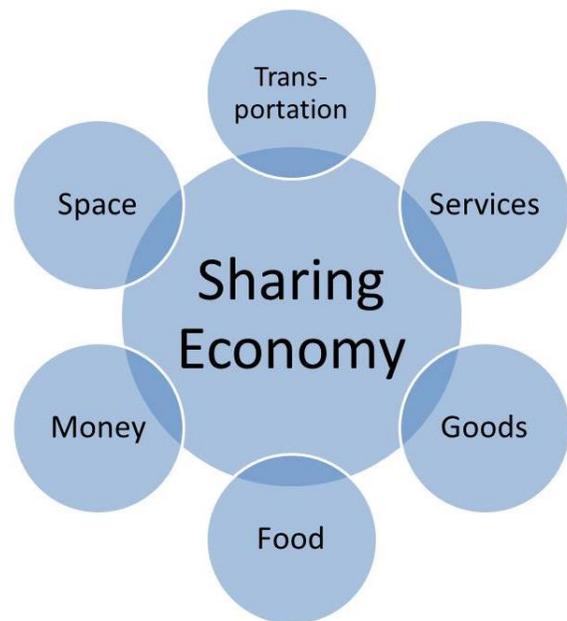


Working in America

The Future of Work in the Sharing Economy

What is the “sharing economy?”

- No official definition
- Generally organized around a technology platform that facilitates the exchange of goods, assets, and services between individuals across a varied and dynamic collection of sectors.
- Related terms include “collaborative economy,” “gig economy,” “on-demand economy,” “collaborative consumption,” or “peer-to-peer economy.” There are differences among these ideas, but substantial overlap in concept.
- Examples of companies that facilitate exchange of property or space:
 - Airbnb (rent out a room or a house)
 - RelayRides and Getaround (rent out a car)
 - Liquid (rent a bike)
- Examples of companies that facilitate exchanges of labor:
 - Uber and Lyft (get a ride or share a ride)
 - Taskrabbit (on-demand labor for a wide variety of tasks)
 - Handy (house cleaning and home repair)
 - Instacart (on-demand grocery-shopping services)



In 2013, the highest generating sectors within the sharing economy were peer-to-peer finance (money lending and crowd funding), exchange of space, transportation, services, and goods.¹

Common Characteristics of Platforms

- **Technology:** The owner of the item or the laborer typically is connected directly to the consumer, either through the Internet or commonly through smartphone applications.
- **Companies conceptualized as intermediaries:** Companies and platforms in the sharing economy are conceptualized as peer-to-peer marketplaces, with the sharing company serving as an intermediary between the seller and the consumer.

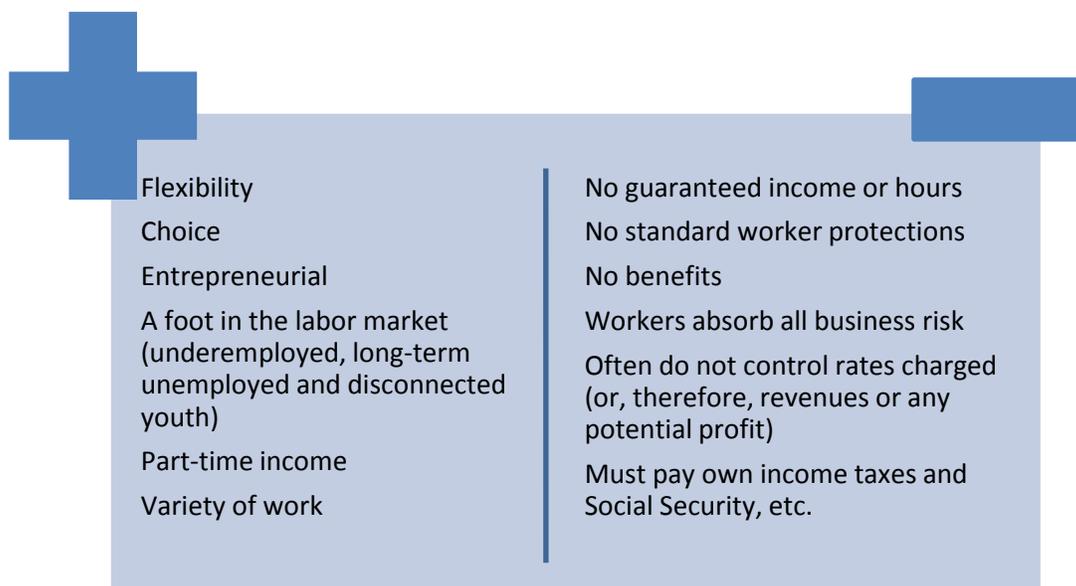
¹ Vision Critical and Crowd Companies, “Sharing is the New Buying,” March 2014, http://www.slideshare.net/jeremiah_owyang/sharingnewbuying?redirected_from=save_on_embed (accessed November 20, 2014).

- **Price setting:** Many companies do not dictate the price of the property or services that are being exchanged; workers/owners are able to set their own rates when using platforms such as TaskRabbit, Airbnb, Craigslist and Ebay. However, this is not the case with all of the companies, such as Uber, Lyft or Handy, that do not permit the laborers or consumers to set the rates of the exchanges.
- **Companies consider workers independent contractors, not employees:** This is an important legal distinction that transfers many responsibilities and risks from the company to the worker and the consumer.
- **Ratings systems:** Many platforms include rating systems where consumers are able to review the laborer or the seller of the goods. These rating systems review the workers/sellers, as opposed to the sharing economy platforms. They serve as a check on the quality of service provided by the laborers or sellers. In traditional jobs, quality standards are maintained by other mechanisms, such as licensing and training.

Estimates of Size and Growth

- Estimated 80 million “sharers” in US in 2013 (includes 33 million “resharers” selling pre-owned goods).²
- \$3.5 billion in revenue in US in 2013; surpassing 25% over the previous year.³
- Globally, revenues of \$15 billion today may increase to \$335 billion by 2025.⁴
- Venture capital firm investment: \$1.7 billion in 117 companies in 2013, up from \$500 million invested in 78 companies in 2012.⁵
- 23% of the US population has engaged in at least one exchange using one of the latest generation sharing economy platforms within the last 12 months.⁶

Pluses and Minuses for Workers in the Sharing Economy



² Vision Critical and Crowd Companies, “Sharing is the New Buying,” March 2014, http://www.slideshare.net/jeremiah_owyang/sharingnewbuying?redirected_from=save_on_embed (accessed November 20, 2014).

³ Tomio Geron, “Airbnb and the Unstoppable Rise of the Sharing Economy,” Forbes, January 23, 2013, <http://www.forbes.com/sites/tomiogeron/2013/01/23/airbnb-and-the-unstoppable-rise-of-the-share-economy/> (accessed November 19, 2014).

⁴ This calculation is based on 5 sharing sectors (peer-to-peer finance, online staffing, peer-to-peer accommodation, car sharing and music video streaming). PricewaterhouseCoopers, “The Sharing Economy,” <http://www.pwc.co.uk/issues/megatrends/collisions/sharingeconomy/index.jhtml> (accessed November 20, 2014).

⁵ Sherpa Ventures, “On-Demand Economy Report,” August 2014, <https://www.scribd.com/doc/235776320/SherpaVentures-On-Demand-Economy-report> (accessed November 20, 2014).

⁶ Vision Critical and Crowd Companies, March 2014.