



## WHAT IS THE SHARING ECONOMY?

The sharing economy - also called the 'on-demand' or 'peer-to-peer' economy - includes a diverse and innovative group of companies that are driving consumer choice through the Internet sector and changing the way we shop, travel, do our laundry, rent cars, and improve our homes.

## HOW IT BENEFITS SOCIETY - JOB CREATION & GROWTH



The sharing economy generated **\$15 billion in global revenues** in 2013 - a figure estimated to rise to **\$335 billion by 2025**.<sup>1</sup> Local economies are benefiting from the presence of new and innovative industries - for example, Airbnb supported 3,600 jobs in San Francisco in 2014, and contributed \$469 million to the local economy.<sup>2</sup>



Approximately **3.2 million people earn income through** peer-to-peer network services - **79 percent of those surveyed perform these services on a part-time basis**, as these new innovations provide flexibility and choice for individuals seeking multiple sources of income. By **2020, 7.6 million people** are expected to provide services through the sharing economy.



Participants are equipped with the opportunity to **earn a better living** on their own terms. The income earned by Airbnb hosts - who make approximately **\$7,530 in supplementary income per year** with just a single property - represents a **14 percent annual raise for middle class families** on the platform. This money is the equivalent of real household income growing 0.5 percent over inflation for the past 15 years, instead of shrinking.<sup>3</sup>



Through the Sharing Economy, **microentrepreneurs** are able to work for themselves and control their own schedules to earn extra income. In 2015, Uber drivers - more than half of whom worked less than 10 hours per week - earned more than **\$3.5 billion combined**. More than 75 percent of Lyft drivers work fewer than 15 hours per week, and over 80 percent of professionals on the Handy platform work less than 20 hours per week.



EXPANDING OPPORTUNITIES

The opportunities available in this growing economic sector provide a particularly empowering space and new flexible opportunities for **women in the workforce**. The shared economy provides greater flexibility in a person's daily schedule and allows individuals who currently earn **below-median income** to gain more from inclusive economic opportunities and higher quality gains.<sup>4</sup>

<sup>1</sup> PwC blog, "The Sharing Economy: Sizing the Revenue Opportunity," <http://www.pwc.co.uk/issues/megatrends/collisions/sharing-economy/the-sharing-economy-sizing-the-revenueopportunity.html>  
<sup>2</sup> Intuit <http://www.businesswire.com/news/home/20150813005317/en/Intuit-Forecast-7.6-Million-People-On-Demand-Economy#.VczjHJNVikq>  
<sup>3</sup> "How Airbnb Combats Middle Class Income Stagnation," <https://airbnb.box.com/shared/static/jrryOif4cgirnvw1ykrpmw8ugivrx2mx.pdf>  
<sup>4</sup> "Peer-to-Peer Rental Markets in the Sharing Economy," [http://static1.squarespace.com/static/538d12bfe4b0ad1838adeaa8/t/55195042e4b0dfcc47c54873/1427722306855/Peer\\_to\\_Peer\\_Rental\\_Markets\\_in\\_the\\_Sharing\\_Economy.pdf](http://static1.squarespace.com/static/538d12bfe4b0ad1838adeaa8/t/55195042e4b0dfcc47c54873/1427722306855/Peer_to_Peer_Rental_Markets_in_the_Sharing_Economy.pdf)

## HOW IT BENEFITS CONSUMERS - IMPROVED CHOICE & SAFETY

Sharing economy platforms benefit consumers by increasing competition, lowering prices, creating higher quality services, providing greater transparency and increasing consumer choice.

- » One study focused on New York City and Chicago ridesharing found that traditional taxi services had fewer complaints about the quality of rides, broken credit card machines, and driver interactions in an environment with competition from ridesharing platforms.<sup>5</sup>
- » The transparency provided by these platforms **empowers consumers** whether they are seeking a ride, fixing a leaky faucet, or buying health insurance.

Sharing economy platforms have advanced features that may provide consumers with safer alternatives than incumbent services. Some examples from the ridesharing industry are:

- » Robust **50 state background checks** are required for every driver on the platform.
- » Systems **tracking every ride using GPS technology** help ensure both driver and rider safety.
- » Two way rating systems for both riders and drivers provide **real time feedback**.
- » Teams are available 24-hours per day to **help riders and drivers in real time**.
- » Ridesharing provides **cashless transactions**.

Policymakers should focus on genuine consumer protection concerns by rooting out protectionist policies designed to stifle competition for incumbent industries.

- » Forward-looking legal and regulatory regimes should allow innovative forms of technology to grow in a competitive market, and only take the necessary legislative and regulatory steps to advance pro-competition or public safety goals.

Sharing economy platforms already self-regulate through various mechanisms that are hardwired into the technology, including putting valuable information and data in the hands of the consumer.

- » During a June 2015 workshop by the Federal Trade Commission, many panelists emphasized that technology is already advancing consumer protections through **customer ratings, payment systems, and GPS tracking**.

<sup>5</sup> "The Competitive Effects of the Sharing Economy: How is Uber Changing Taxis?" [http://techpolicyinstitute.org/files/wallsten\\_the%20competitive%20effects%20of%20uber.pdf](http://techpolicyinstitute.org/files/wallsten_the%20competitive%20effects%20of%20uber.pdf)

