

SUMMARY

1.1 Overview

The gig economy – which goes by a host of monikers such as the peer-to-peer marketplace and the sharing economy – lets individuals provide services, share resources, and sell goods to other individuals via online platforms.

Time calls the gig economy one of the 10 most important ideas that is changing the world.

Gig economy businesses are hosted through digital platforms or apps that connect individuals providing services with customers. The contract, scheduling, and payment is handled via the platform.

Gig services companies are rarely the actual service provider; instead, they act as facilitator, making transactions easy and secure for both the provider and the user. They break down the barriers that otherwise exist to starting a business or having a side job for many people and make it easy and lucrative to participate in the collaborative economy.

Gig workers are independent contractors who rely on the platforms or apps to connect them with clients or customers.

1.2 Background

The characteristic that distinguishes gig economy businesses is the use of a third-party Internet platform to assist in the buyer-seller transaction. The sale of goods on a platform like eBay, for instance, is considered part of the gig economy, but the sale of the same goods at a flea market is not.

Airbnb, founded in 2007, and Uber, founded in 2009, are recognized as the pioneers of the gig economy. The term ‘gig economy’ was coined by journalist Tina Brown in 2009.

The gig economy was preceded by websites that were designed to serve as a platform for the sale of goods and services by individuals. Among the earliest and most successful of these platforms were VRBO, founded in 1995, and eBay, founded in 1998.

1.3 The Gig Marketplace

The U.S. gig economy was assessed at \$512 billion for 2024 and \$570 billion for 2025. Freelancers, which include some gig workers and others that engage in a side hustle, contributed \$1.45 trillion to the U.S. economy in annual earnings in 2024.

The global gig economy is assessed at \$3.8 trillion. The gig economy accounts for up to 12% of the labor market, according to The World Bank (www.worldbank.org).

The largest U.S. gig economy companies are Airbnb, DoorDash, eBay, Etsy, Instacart, Lyft, Uber, and Upwork.

1.4 Segmentation

The gig economy has seven segments, as follows:

Accommodations

- Individuals offer accommodations ranging from furnished homes to spare bedrooms to couches for travelers. Airbnb is the dominant company in the sector. VRBO is the second largest. Several other accommodations platforms focus on niche markets such as LGBTQ+ travelers, luxury homes, and international house exchanges.

Delivery Services

- Independent third-party delivery services top the gig economy in participation, with over 30% of gig workers in this segment. Emarketer (www.emarketer.com) estimated there were about 55 million app-based delivery service users in the U.S. in 2024.
- Already a growing market, delivery services saw accelerated use during the Covid-19 pandemic; popularity continued to grow post-pandemic.
- Groceries and restaurant meals are the most popular type of gig delivery. The largest grocery delivery service providers are Instacart (72% marketshare), DoorDash (12%), and Uber Eats (8%). App-based restaurant delivery market leaders are DoorDash (59%), Uber Eats (24%), and GrubHub (14%)

Freelance Services

- The following are some of the services that freelancers offer on gigwork platforms:
 - Freelance writer
 - Graphic designer
 - Handyman
 - House cleaner
 - Online course creator
 - Online tutor
 - Pet sitter or dog walker
 - Social media manager
 - Task-based gig worker
 - Transcriptionist
 - Virtual assistant
 - Web designer or developer
- Popular freelance platforms include Care.com, Fiverr, Rover.com, TaskRabbit, and Upwork.

Online Marketplaces

- Many people have created gig businesses selling goods via online marketplaces. Some people sell items that they have crafted or collected; others purchase wholesale to resell.

- The dominant U.S. online marketplaces are Amazon, eBay, Etsy, and StubHub. Other marketplaces include retailers like 1-800-Flowers, H&M, Kohl's, Michaels, Target, and Walmart that are mixing in third-party merchants on their e-commerce platforms.

Peer-to-Peer Lending

- Peer-to-peer lending, or social lending, brings together individual borrowers and lenders via online platforms.
- The two biggest peer-to-peer lending platforms are Prosper Marketplace and Upstart. Prosper Marketplace reported in 2024 that it had made a total of \$26 billion in loans to more than 1.7 million customers. Upstart reported that it had helped more than 3 million customers make loans.

Resource Sharing

- The list of items available for rental on the peer-to-peer market seems limitless. Among the most popular items to share are automobiles, bicycles, furniture, housewares, parking space, storage space, and tools.
- Car-sharing, a \$580 million market, is the largest category within the segment. Roughly 50,000 cars in the U.S. are available through car-sharing services.

Ride Sharing

- Ride-sharing services allow individual drivers to operate like a taxi service by carrying fee-paying passengers. Few services exemplify the gig economy more than ride-hailing apps. These apps allow users to request a ride using their smartphone, track the approach of their driver in real-time, and make the payment for the ride.
- Uber and Lyft make up 98% of the ride-sharing market in the U.S. Uber has 59 million users and Lyft has 34 million (these numbers include 15 million people that use both services). Annual fare revenues are \$35 billion and \$14 billion, respectively.

MARKET ASSESSMENT

2.1 The U.S. Gig Economy

Gitnux Market Research (www.gitnux.com) assessed the U.S. gig economy as follows:

- 2018: \$204.0 billion
- 2019: \$248.3 billion
- 2020: \$296.7 billion
- 2021: \$347.8 billion
- 2022: \$401.4 billion
- 2023: \$455.2 billion

These figures extrapolate to \$511.6 billion in 2024 and \$570.0 billion in 2025.

The *Freelance Forward Report*, by Upwork (www.upwork.com), assessed that freelancers contributed \$1.35 trillion to the U.S. economy in annual earnings in 2022, up from \$1.30 trillion the prior year.

These figures extrapolate to \$1.45 trillion in 2024 and \$1.50 trillion in 2025.

2.2 The Global Gig Economy

On a global scale, The World Bank (www.worldbank.org) assessed that the global gig economy accounts for up to 12% of the labor market.

**“The gig economy ... holds particular promise
for women and youth in developing countries.”**

The World Bank, 9/7/23

A November 2023 report by Staffing Industry Analysts (www.staffingindustry.com) assessed the global gig economy at \$3.8 trillion. The research reflected data from 18 countries, which represent 90% of global contingent spending.

PARTICIPATION

3.1 Overview

Most gig workers participate in the gig economy as a side hustle, meaning their earnings are mostly outside of their primary job or other primary source of income. But side hustles that do not use a third-party Internet platform are not considered part of the gig economy.

According to the *Contingent Worker Supplement*, by the Bureau of Labor Statistics (www.bls.gov), 10% of workers rely on gig work or alternatives such as temp agency work, on-call work, contracted work, and freelancing as their primary source of income.

Freelancers are self-employed people and are essentially independent contractors who gets paid on a per-job basis. All gig workers are considered to be freelancers. But freelancers that do make use of a third-party Internet platform are not considered to be gig workers.

3.2 Side Hustles

According to a survey conducted for BankRate (www.bankrate.com) by YouGov (www.yougov.com), 39% of U.S. adults have a side hustle.

The demographics of adults with a side hustle are as follows:

Gender

- Female: 35%
- Male: 43%

Age

- 18-to-26: 53%
- 27-to-42: 50%
- 43-to-58: 40%
- 59-to-77: 24%

On average, adults with a side hustle make \$810 a month from that extra work. Adults with a side hustle reported their monthly earnings as follows:

- \$1 to \$50: 28%
- \$51 to \$100: 14%
- \$101 to \$200: 11%
- \$201 to \$300: 6%

- \$301 to \$500: 14%
- \$501 to \$1,000: 12%
- \$1,001 to \$2,000: 7%
- More than \$2,000: 8%

Adults with a side hustle use the extra money as follows:

- Income needed to pay for regular living expenses: 33%
- Discretionary income for spending: 27%
- Income for savings: 25%
- Debt payoff: 12%
- Other: 3%

Adults view their side hustle as follows (percentage of respondents):

- I think I'll always need a side hustle to make ends meet: 28%
- I think I'll always need a side hustle for discretionary expenses: 26%
- I'm spending more time on my side hustle because of inflation: 23%
- I don't want to work a side hustle but I have to: 20%
- I want my side hustle to develop into my main source of income: 19%
- I view my need for a side hustle as temporary: 16%
- I'm spending less time on my side hustle because of inflation: 10%

Forty-two percent (42%) of people with an annual household income under \$50,000 say they need side hustle income for day-to-day expenses, more than any other income bracket.

3.3 Freelancing

According to Upwork (www.upwork.com), 39% of the U.S. workforce, or 60 million people, perform freelance work. This is an all-time high.

From 2016 through 2021, the proportion of freelancers remained relatively constant at 35% to 36%. In 2022 through 2024, an additional 3% of the workforce did some form of freelance work.

Educational attainment among freelancers is as follows:

- High school graduate or less: 27%
- Some college or associate degree: 25%
- Bachelor's degree: 23%
- Post graduate studies: 26%

“Over the past two years ‘quitting’ has dominated the headlines. Some professionals were quitting their jobs in search of more flexible and fulfilling work, others were prioritizing a greater balance between work and life, and some were exploring their entrepreneurial side and starting new side businesses. Regardless of the reason, the pandemic offered professionals a different perspective on work and careers, leading many to pursue freelancing.”

Upwork, 8/18/24

Types of services performed by freelancers are as follows (percentage of respondents):

- Knowledge services such as computer programming, marketing, IT, and business consulting: 61%
- Unskilled services or labor: 37%
- Selling goods: 31%
- Creating influencer-type content: 23%
- Other: 14%

Among adults that freelance, reasons for doing so are as follows:

- Earn extra money: 83%
- Add flexibility to my schedule: 73%
- Control of my financial future: 72%
- To be my own boss: 70%
- Work from location of my choosing: 69%
- Pursue meaningful work: 67%

Freelancers report benefits of freelancing as follows:

- Greater control over their life overall: 74%
- Flexibility to address personal/mental/physical health: 73%
- Achieve a healthy work-life balance: 69%
- Improvement in general health: 67%

Forty-three percent (43%) of Gen Z professionals and 46% of Millennial professionals perform freelance work.

3.4 Gig Work

In 2024, the *Gig Economy Data Hub* (www.gigeconomydata.org), by Cornell University ILR School and The Aspen Institute Future Of Work Initiative, reported on research by the Freelancers Union (www.freelancersunion.org), MBO Partners (www.mbopartners.com), and McKinsey Global Institute (www.mckinsey.com/mgi/). These studies indicate between 25% and 35% of employed U.S. adults engage in non-standard or gig work on a supplementary or primary basis. As of 2024, at least 41 million people in the United States engaged in some form of gig work.

Since large-scale public surveys, like those administered by the Bureau of Labor Statistics, tend not to ask about supplemental work, Cornell University and Aspen Institute researchers point to these private surveys as the best estimates of gig work participation.

PROFILES OF KEY PLAYERS

5.1 [9flats.com](http://www.9flats.com) (www.9flats.com)

Founded in 2010, Singapore-based 9flats.com is an online marketplace enabling people to lease or rent short-term lodging. The company has over 50,000 members and 30,000 hosts in 104 countries. Over 11 million travelers have used the service.

5.2 [Airbnb](http://www.airbnb.com) (www.airbnb.com)

Founded in 2007, San Francisco-based Airbnb is an online marketplace for short-and-long-term homestays and experiences.

In 2024, Airbnb reported 2.9 million listings and 33.9 million users in the United States. Airbnb had 7.7 million listings worldwide in 2024.

North America accounts for 50% of Airbnb's revenue and about a third of total nights and experiences booked. Airbnb reported revenue as follows:

	Worldwide	North America
• 2019:	\$2.8 billion	\$2.0 billion
• 2020:	\$3.3 billion	\$1.8 billion
• 2021:	\$5.9 billion	\$3.2 billion
• 2022:	\$8.3 billion	\$4.2 billion
• 2023:	\$9.9 billion	\$4.6 billion

Airbnb reported the number of nights and experiences booked as follows:

	Worldwide	North America
• 2019:	326.9 million	95.8 million
• 2020:	193.2 million	75.5 million
• 2021:	300.6 million	114.0 million
• 2022:	393.7 million	133.0 million
• 2023:	448.2 million	146.0 million

Airbnb hosts make, on average, about \$924 a month, according to Earnest Research (www.earnest.com).

Home sharing has been an important source of income for some older Americans. The typical U.S. Airbnb host aged 65 and older earns an extra \$8,350 a year, equal to a 52% increase over typical Social Security income. Fifty-eight percent (58%) of older hosts report that Airbnb has helped them stay in their homes.

Airbnb launched Experiences in 2016, letting travelers participate in curated activities led by local experts. Over 41,000 experiences were available as of September 2024; 90% have earned 5-star reviews.

Airbnb is publically traded (stock symbol: ABNB). The company reported \$9.92 billion in revenue for 2023. Market capitalization was \$73 billion in 3Q 2024.

5.3 Amazon Flex (<https://flex.amazon.com/>)

Amazon hires freelancers to deliver packages via the Amazon Flex app. Applicants must be age 21 or older, have an insured qualifying vehicle, and submit to a background check.

Delivery workers pick up packages from an Amazon delivery station or local stores and deliver directly to customers. Amazon pays \$15 to \$19 per hour.

5.4 Amazon Marketplace

(www.amazon.com/Marketplace/s?k=Marketplace)

Launched in 2000, Amazon Marketplace is an e-commerce platform that enables third-party sellers to sell new or used products directly to consumers on a fixed-price online marketplace. This is in contrast to first-party sellers who act as wholesale suppliers and sell goods directly to Amazon.

Third-party sales on Amazon account for about one-half of total sales.

5.5 Amazon Mechanical Turk (www.mturk.com)

Amazon Mechanical Turk is a crowdsourcing website with which businesses can hire remotely located workers to perform discrete on-demand tasks that computers are currently unable to do as economically. It is operated under Amazon Web Services.

Example tasks performed by Amazon Mechanical Turk – dubbed Human Intelligence Tasks – include identifying specific content in an image or video, writing product descriptions, and answering survey questions.

5.6 Avvo (www.avvo.com)

Founded in 2006, Seattle-based Avvo provides access to legal advice for consumers. The Avvo platform links consumers to local attorneys. Over 185,000 legal professionals participate in the service.

5.7 Bellhop (www.getbellhops.com)

Founded in 2011, Chattanooga-based Bellhop provides assistance for small-scale local moves using independent freelance workers.

Bellhop was named a Best Mover of 2022 and 2023 by *U.S. News and World Report*.

5.8 Bonanza (www.bonanza.com)

Founded in 2008, Seattle-based Bonanza is a seller-centric marketplace that allows sellers to build a brand by developing relationships with their customers.

Boasting approximately 50,000 active sellers across nearly 200 countries, Bonanza offers a selection of over 35 million items.

The following are primary product categories on Bonanza:

- Fashion
- Health & Beauty
- Home & Garden
- Jewelry
- Parts & Accessories
- Yard, Garden & Outdoor Living

5.9 Care.com (www.care.com)

Founded in 2007, Austin-based Care.com is an online marketplace for families to find childcare, senior care, care for those with special needs, tutoring support, and pet care.

Care.com went public in 2014. The company was bought by IAC Inc. in 2020 and is no longer publicly traded.

Corporate clients include BestBuy, Facebook, Google, and Starbucks.

5.10 Cargomatic (www.cargomatic.com)

Founded in 2015, Long Beach-based Cargomatic is the largest freight marketplace in the U.S., connecting shippers with capacity that meets their needs. With more than 35,000 licensed truck drivers, the service moves about 2,500 loads every day.

5.11 Crowdspring (www.crowdspring.com)

Founded in 2007, Chicago-based Crowdspring is an online marketplace for crowdsourced creative services. Services offered include advertising, branding, package design & labeling, and website design.

More than 200,000 graphic designers and writers from 200 countries work on Crowdspring.

5.12 DogVacay (www.dogvacay.com)

Founded in 2012, Santa Monica-based DogVacay provides dog boarding and other pet services. Initial funding was provided by Science Inc.

DogVacay merged with Rover in 2023.

5.13 Dolly (www.dolly.com)

Founded in 2014, Seattle-based Dolly helps people move. As of 2024, Dolly operates in 45 cities.

On Dolly, gig workers can register as a 'Helper' or as a 'Hand.' Helpers are required to own their own pickup truck/box truck and be physically capable of lifting more than 75 pounds. Hands provide extra help. Helpers generally earn \$30/hour, while Hands can make \$15/hour.

Dolly also provides on-demand delivery service for Lowe's, Costco, Crate & Barrel, Big Lots, and other companies.

5.14 DoorDash (www.doordash.com)

Founded in 2012, Palo Alto-based DoorDash is the largest food delivery service in North America, available in more than 5,000 cities. As of 2024, DoorDash had a 67% marketshare in the online meal delivery category.

In addition to the United States, DoorDash operates in Australia, Canada, Germany, Japan, and New Zealand.

Prior to becoming a publically traded company on the New York Stock Exchange in 2020, DoorDash raised more than \$2.5 billion over several financing rounds from several venture capital firms including Charles River Ventures, GIC, Khosla Ventures, Kleiner Perkins, Sequoia Capital, SoftBank Group, SV Angel, and Y Combinator.

DoorDash (stock symbol: DASH) transferred its stock listing to NASDAQ from the New York Stock Exchange in 2023. The company reported \$8.64 billion in revenue for 2023. Market capitalization was \$53 billion in 3Q 2024.

In 2024, DoorDash was ranked #443 among the Fortune 500.

5.15 eBay (www.ebay.com)

Founded in 1995, San Jose-based eBay is an online marketplace that lets users buy items in 190 markets worldwide. Sales are either via online auctions or buy-it-now. Commissions paid to eBay by sellers average 13.8%. Buyers and sellers may rate and review each other after each transaction.

eBay auctions use a Vickrey auction (sealed-bid) proxy bid system.

In 2023, eBay handled \$73 billion in transactions, 48% of which was in the U.S. As of August 2024, eBay had 132 million active buyers worldwide.

eBay is publically traded (stock symbol: EBAY). The company reported \$10.11 billion in revenue for 2023. Market capitalization was \$27 billion in 3Q 2024.