

COVER STORY



CHANGING THE PHOENIX ECONOMY ONE GIG AT A TIME

BY HAYLEY RINGLE

hringle@bizjournals.com, 602-308-6514, @PhxBizHayley

Andrew Schawl is a new breed of worker: One who likes the freedom of choosing his own hours to work, not having a supervisor lurking over his shoulder and taking time off whenever he wants.

For the 34-year-old Goodyear resident, working as what amounts to an independent contractor for Lyft Inc. has been the way to go.

Schawl said he typically puts in at least 30 hours a week and works when he wants to. He makes an average of \$4,500 a month, which allows his wife to stay at home with the couple's two kids, enough to pay the bills and take vacations.



Andrew Schawl has found an on-demand career driving and advocating for Lyft Inc. PROVIDED BY LYFT INC.

"I can juggle these Lyft opportunities and stay totally flexible with my hours," said Schawl, a former freelance photographer who spent four years in the Air Force. "I love not having the tediousness of a 9-5 schedule. I love that you can take time off and don't have to beg or ask for permission. You can't really put a price tag on that."

It's all part of the "gig economy," a place where companies use more independent contractors instead of employees and where people can earn money while working pick-up jobs.

According to a study by Intuit, the on-demand economy is only continuing to grow, with an expected rise in employment of 18.5 percent annually during the next five years. By 2020, it could represent up to 43 percent of the U.S. workforce.

Kevin Hong, assistant professor in the Department of Information Systems at Arizona State University's W.P. Carey School of Business, started examining the economic transition in 2009. Certain websites, such as freelancer.com, allowed people to start as a temporary worker. While many people are freelancing jobs for everything from photography to writing, many people have turned to the app-fueled gig economy to take control of their work schedule.

Smartphone apps allow users to sign on when they want, and sign off when they're done for the day or want to go shopping or take a nap. Regular employees can't do that in a typical job setting.

"It's limited to certain types of people who are out of their job or they want to make extra money," Hong said. "The customers have to be really busy, lazy or have a lot of money to do it. The freelance economy started it and moved into the gig economy. It all came about after the 2008 financial crisis as the tipping point for many businesses. This is an opportunity for people who don't have a good job or want flexibility."

Finding a career

In this age of on-demand services, from food delivery to massages to rides, many app-driven, on-demand startups have moved into the Phoenix area to take advantage of a customer base that includes thousands of college students, busy families and single people who just don't want to leave their TVs for ice cream or a quick snack.

While Phoenix residents may make less than other major metro cities — the city's average annual wage was \$46,700 in May 2015, according to the Bureau of Labor Statistics, compared to \$59,990 in New York and \$66,900 in San Francisco — there is disposable income these companies are banking on from students who have extra cash, to big, busy families, to ritzy clients in Paradise Valley, Scottsdale



Bellhops Inc. employees Miguel Garibay, front, and Colin Strickland move furniture into the Roosevelt Point apartments in downtown Phoenix for a client who is relocating from Tucson to attend law school.



Patrick Carter, operations manager for goPuff, pulls items from the shelves of the firm's Tempe warehouse.

and the Arcadia area of Phoenix.

Those customers are turning to Zeel, for example, to order a massage within an hour, goPuff for snacks and a toaster at 1 a.m. and Uber to drive them home after a night at the club. Bellhops offers on-demand moving services, and Favor offers food deliveries or other items within the hour. If you want a quick job, visit Shiftgig Inc. to work when you want,

where you want and for whom you want.

Schawl is one of those workers finding a career in the new age of independent contracting.

Although he started out just driving for the ride-sharing car service, Schawl loves that Lyft offers opportunities beyond driving. He is part of the company's ambassador program, going to events and getting the word out about



PROVIDED BY FAVOR

Favor deploys riders and drivers to deliver any manner of goods in under an hour.



Carter said the most popular item they sell is Ben & Jerry's ice cream.



Carter checks for an available driver making sure to have products delivered within 30 minutes of the order being placed.



Courtney Taylor has been a goPuff driver since June. It's a job that allows her the flexibility she needs for her family.

JIM POULIN | PHOENIX BUSINESS JOURNAL

Lyft on the promotional side.

He's also a mentor who helps new drivers with car inspections and does ride-alongs to see the driver's skills behind the wheel. There's also extra money by handing out promotional codes Schawl gives out to new Lyft riders, from which he pockets \$10 to \$20 a person.

Schawl spent a year working for Uber but didn't like just driving with no growth opportunities. He's also signed up with the Postmates delivery app service but has only done a few jobs with the startup.

"Lyft is getting me what I need," he said. "Postmates is there as a safety net."

Of course, with this flexibility comes times when it may be harder to find those gigs on a consistent basis, and health care costs may be an issue.

"If you look at the economy as well, there is a big trend for the mobile economy with more people adopting their smartphone for everyday use," said Hong, who teaches in ASU's Department of Information Systems. "This wouldn't be possible if you don't have the GPS functioning on your phone."

GIG ECONOMY COMPANIES SEE OPPORTUNITIES IN VALLEY

The proliferation of app-driven delivery, service and ride-hailing companies have grown in the Phoenix metro area because of its population growth, high density, healthy university scene and large millennial numbers.

With 6 million locals and 40 million tourists in Arizona, Uber spokeswoman Taylor Patterson said there is an "endless opportunity" for the ride-hailing startup to expand.

Many of the companies behind the gig economy said the Valley is a tremendous market for them to grow, including San Francisco-based Uber.

"As Uber has expanded throughout Arizona, so has our impact on the local economy," Patterson said. "Nearly 10,000 people — from Flagstaff to Phoenix — have partnered with Uber for the opportunity to earn a flexible income on their own terms. And for riders, Uber has meant access to affordable and reliable rides, and has become the go-to option instead of drinking and driving."

Chattanooga, Tennessee-based Bellhops' contract workers are college students, so moving in next to Arizona State University is key for the company, said Cameron Doody, Bellhops' co-founder and president.

"Our workforce there (at ASU) helped us grow our business in Phoenix by 660 percent (in total number of jobs) between 2014 and 2015, outpacing cities like Tampa, Florida and Las Vegas," Doody said.

GoPuff CEO Rafael Ilishayev said the company found the Phoenix metro area desirable because of its millennial hub of college students and young professionals.

"Now more than ever, this demographic needs a service as on-the-go as they are," Ilishayev said.

New York-based on-demand massage app Zeel chose Phoenix because it is one of the fastest-growing cities in the country with active people, said Cynthia Irons, Zeel's vice president of marketing.

Phoenix is one of Lyft's fastest-growing and more successful cities nationally, and the San Francisco car sharing app continues to focus on investing in its Valley growth, according to Phoenix General Manager Drena Kusari.

"Now more than ever, this demographic needs a service as on-the-go as they are."

RAFAEL ILISHAYEV,
GoPuff

"We are very popular and growing in popularity," Kusari said. "Lyft has seen over eight times growth in rides in Phoenix over the last year."

Chicago-based Shiftgig, which connects millions of people with millions of shifts through its app, expanded into Phoenix because of a high level of client demand in the area, said Jeffrey Janisse, Shiftgig's general manager in Phoenix.

"We expect to onboard another 1,000 specialists in the next six months," Janisse said.

— Hayley Ringle

CONTINUED ON PAGE 8