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Changing the Phoenix economy one gig at a time

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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.

"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.



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

"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 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 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."

Always in demand

The need for people to have things as soon as possible has always been part of human culture. It has only been intensified because of the use of technology, said Samuel McClure, an associate professor in ASU's psychology department.

"If something is available immediately, then we treat it specially, we treat it differently," McClure said. "If something is available to you immediately, your thinking shifts and you become thinking more about immediate gratification."

Businesses know if they can provide something immediately, they can charge more.

"These companies are all taking advantage of that fact," he said. "People want it right here, right now."

Getting things right now, however, comes with a higher price. San Francisco-based Uber, the ride-sharing company, has surge prices that hike rates depending on when drivers are most busy. Delivery services such as Postmates have delivery fees, service charges and tips figured in to their costs.

Uber, the originator of this recent app-driven gold rush, has raised \$8.71 billion in 12 rounds of funding since its launch in March 2009, according to CrunchBase. The ride-hailing company has a private valuation of \$62.5 billion, the tech industry's biggest, as it continues its international expansion, according to Forbes. Uber is in more than 500 cities worldwide.

McClure calls the gig economy a modern version of the Pony Express, which started in 1860 as the threat of the Civil

War caused the need for faster communications between the East and the West. They used to charge an "arm and a leg" for the real Pony Express to deliver items, now people do the same with their smartphone.

"Now that you have a (goPuff) warehouse just down the street, it's a powerful new addition to the marketplace," McClure said.

Courting workers

While many millennials take advantage of these flexible jobs, there are new data from the JPMorgan Chase Institute that shows a rising number of seniors are supplementing their income by participating in this gig economy.

The study shows participation among adults has grown quickly in this gig economy.

Using data from more than 260,000 Chase customers who earned income from at least one of 30 online platforms between October 2012 and September 2015, the cumulative participation rate grew from 0.1 percent of adults to 4.2 percent working in the gig economy.

"Although most participants in the platform economy are younger workers, seniors are not standing on the sidelines," according to the report. "In the 12 months ending in September 2015, about 0.9 percent of seniors were providers in the platform economy, compared to 3.1 percent of the general population. With more than 47 million seniors in America, this translates to over 400,000 seniors participating in the platform economy."

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