Issue: The On-Demand Economy

The On-Demand Economy

By: Heather Kerrigan
Will legacy businesses catch up with agile competitors?

Executive Summary

The on-demand economy – a digital marketplace offering immediate access to goods and services often delivered by contract, or gig, workers – continues to grow and to expand into new industries. The emergence of on-demand services, particularly in the transportation, retail, lodging, dining and grocery businesses, is built on mobile technologies that are especially attractive to middle-income Millennials. The sector’s future is clouded, however, as some on-demand companies battle state and federal regulators and lawsuits. The ability of businesses to remain viable in the competitive, fast-paced world of the on-demand economy appears to rest on whether startups can compete against – or partner with – large, established corporations to secure and expand their customer base, attract investors and work with policymakers to develop supportive regulatory structures.

Some key takeaways:

- The rise of the on-demand economy is changing consumer habits, supply chains, regulations, competition and investment.
- Traditional businesses are grappling with how to respond to shifting consumer expectations and searching for ways to improve their supply chains to deliver goods and services more quickly.
- The on-demand economy’s future may include drones or robots handling deliveries and consumers receiving goods even before they realize they need them, based on their buying history.

Full Report

If any company typifies the legacy economy, it would be General Motors, the century-old automaker that once reigned supreme in Detroit and still outsells all U.S. rivals. Yet GM’s current leaders are positioning the company to survive in an on-demand economy dominated by consumers who expect rapid satisfaction of their desires. GM owns 9 percent of ride-sharing service Lyft, is talking with Uber about partnering on autonomous vehicles...
and has started a subscription service that delivers a Cadillac on request and lets users exchange it up to 18 times a year.  

GM is hardly alone in traveling this path. Companies of all sizes are adapting – or building from scratch – production and delivery models to meet consumer demand as close to the point of consumption as possible, which lowers inventory and cost and improves cash flow. This change in mindset and associated explosion in the on-demand economy – a digital marketplace of businesses seeking to improve the customer experience by offering immediate access to goods and services – has led to hundreds of new startups looking to upset traditional business models.

While established corporations are playing catch-up, those startups are not focused on the here and now. Instead, adapting to an ever-changing market is causing businesses to think big. Soon, says Jeremiah Owyang, founder of Catalyst Companies, an innovation council of large companies seeking new business models for the on-demand economy, “shopping carts and one-day delivery will be an anachronism. The modern retailer will deliver goods to a consumer’s house or home before they even need it,” based on their past purchasing patterns.

While the on-demand sector is still a relatively small part of the total U.S. economy, it has high growth potential, according to Charles Colby and Kelly Bell of Rockbridge Associates, a market research firm in suburban Washington.  

And as consumer expectations continue to evolve, new and existing companies are stepping up to meet the need. But consumers’ growing ability to immediately access goods and services, specifically those delivered by contract workers, invites a number of unanswered questions about how businesses will survive in this new environment and how regulators will respond to the monumental shift in traditional lines of service.

(Terms such as the sharing and gig economy are sometimes used interchangeably with on-demand. The sharing economy relates to digital platforms that facilitate the exchange of material assets between individuals, while the gig economy is the labor market of contract workers. Gig economy members often provide services in the on-demand economy, and some sharing-economy companies also are considered a part of the on-demand economy.)

**The On-Demand Evolution**

Two factors, in particular, have powered the on-demand economy in the past decade: consumer desire for time-saving ways to procure goods and services, particularly those that are curated and personalized, and innovations in digital app-based matching technology and electronic payment methods.

This economy is shifting power away from businesses large and small and giving it to consumers, who now expect to receive what they want, when they want it. No longer does the consumer need to rely on traditional supply chains or broken business models. They can instead look to each other – and their smartphones – to fulfill virtually any need.

“The change going on today … feels like 1995 when the internet first began to transfer from seller to buyer the greatest source of power since the dawn of time: Information,” said Alan Amling, vice president of global logistics and marketing at UPS, in a 2015 TED talk.

“Information, the birth of the information superhighway, has changed our lives,” Amling said. “Think about how it’s changed your purchasing habits. It used to be that it was the car dealer and the retailer with their point-of-sale information that controlled all the cards. Now you’re in the driver’s seat.”

The result of this ongoing “rising expectation of consumers,” he said, is a collision with “industrial-age manufacturing and transportation practices. As a result, rules are beginning to change. And when rules change, the impossible becomes possible.”

This emerging expectation of instant access has allowed companies such as home-sharing service Airbnb, ride-sharers Uber and Lyft, used-goods marketplace Yerdle Recommerce and food services Grubhub, HelloFresh and Instacart to quickly build brand loyalty and reduce consumer dependence on traditional corporations and slower lines of service. The expansion of the on-demand economy has introduced niche and luxury goods to a broader market, according to high-end automaker Porsche. It also reaches underserved regions, such as city neighborhoods lacking fresh produce.

Consider the numbers that dramatize the on-demand economy’s growth:

- More than 280 companies now provide on-demand goods and services across 16 industries, up from 76 companies in six industries offering such services in 2014.
- More than 22 million Americans are spending nearly $58 billion per year in the on-demand economy. This spending is not limited to the highest income earners: 46 percent of on-demand consumers have an annual household income below $50,000.
- An estimated one-third of the American workforce is engaged in contract or on-demand work.
- Fueling the growth of the on-demand market is e-commerce, which also is expanding. By 2020, global e-commerce spending will total $4 trillion, or 14.6 percent of all consumer spending, up from an estimated $2 trillion in 2016.
By the end of 2017, more than 2 billion people worldwide were using their mobile devices to make a purchase.  

In the United States, approximately 27 percent of all dollars spent in retail e-commerce transactions will be done via mobile devices by the end of 2018.

Despite its rapid rise and the significant investments made, some warn the on-demand economy is a bubble waiting to burst. In an article for Quartz Media, entrepreneur/writer Sunil Rajaraman argued that on-demand consumers lack brand loyalty and make infrequent purchases, and that on-demand businesses have “precarious business models.”

Another skeptic, Howard Hartenbaum, general partner at Silicon Valley venture capital firm August Capital, said on-demand companies that cannot attract enough venture capital will not be able to hold a customer base because “mainstream customers are not willing to bear the cost for most on-demand services.” New York Times business columnist Farhad Manjoo agreed, saying that the inability of new startups to find a profitable long-term pricing model has led to “the end of the on-demand dream.”

**Millennials Dominate On-Demand Market**

On-demand consumers by age group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>18 to 34</td>
<td>49%</td>
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<tr>
<td>35 to 54</td>
<td>29%</td>
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<tr>
<td>55 and older</td>
<td>22%</td>
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Millennials make up the largest generational slice of on-demand consumers, at 49 percent, followed by Generation-Xers at 29 percent and Baby Boomers at 22 percent, according to the 2015 National Technology Readiness Survey.

London-based Edison Investment Research believes that costly labor in the markets where on-demand companies pop up also have a negative impact. “The initial phase of hype and euphoria is properly over and the shake-out has already begun,” wrote Richard Windsor, an Edison analyst in a recent report. “Only the strongest with the most money are likely to survive and will do so by buying up the competition or waiting for them to wither on their own. For the rest, the unicorn disguises are already slipping, revealing the true colours of the donkeys underneath.”

Nonetheless, many middle-class consumers continue to flock to the on-demand economy, attracted partly by the ability to find deals quickly or to compare prices; but the growth also is closely linked to age, according to Nathan Resnick, CEO of Sourcify, an online manufacturing marketplace. Millennials – now the nation’s largest generation – are the driving force behind market growth and, as digital natives, are more likely to look to their social networks or individual, non-mainstream producers for a product or service they need.

According to the University of Maryland’s National Technology Readiness Survey, 49 percent of customers who purchase on-demand goods and services are ages 18 to 34 while 29 percent are between the ages of 35 and 54. Analysts say Millennials will likely continue to be the catalyst for change in the economy.

The on-demand economy’s focus on fast has left companies beholden to consumer “micro-moments” in which a shopper thinks of a need and then immediately tries to fulfill it as quickly as possible, typically through a digital transaction. According to Google, those using a
smartphone are 50 percent more likely to expect to be able to purchase something in real time. Google mobile searches for the term “same-day shipping” grew 120 percent from 2015 to 2017, while searches for phrases like “flights today” and “hotels tonight” have grown 150 percent.

It is often here where traditional businesses struggle to fulfill customer needs, especially when they have a more conventional supply chain that is based on producing a high quantity of the same thing and then transporting these products through a network built to consolidate thousands of orders. Such a supply chain is “misaligned with the new retail formats that continue to be invented,” wrote Karl Siebrecht, CEO of online warehouse marketplace Flexe. “Customers today have a taste for fast, low-cost delivery and there’s no going back. It’s no longer optional, but essential, to cater to the on-demand expectations of the modern economy.”

To compete in an on-demand world, Siebrecht argued that companies need to do a better job of forecasting customer demand, rethink distribution and use the vast amounts of customer data that can be collected in the e-commerce world to customize consumer experience. According to industry analyst Brian Solis, this is difficult because you have companies with “people who don’t want to change and are clinging to the way things are and they’re getting in their own way.”

Effectively using consumer data is key for a company that wants to become less linear and more nimble. Traditional companies that are working to find their place in the on-demand world are looking to retail giant Amazon, which has revolutionized the customer experience, especially in its delivery concept. Amazon has partnered with major shipping companies and leases jets to get its packages where they need to be quickly and is offering two-day and, in some metropolitan areas, one-hour delivery. Fast, efficient shipping has been made possible by a huge warehousing network with products stocked in locations where they are most frequently purchased, based on customer data.

Similarly, Zara, a clothing store based in Europe, revolutionized its supply chain more than three decades ago by relying on consumer data to track preferences and trends, and then provided its producers with limited fabric options to increase the speed at which on-trend clothes hit stores. Zara is able to put new clothes into its stores within 15 days, instead of the industry average six months.

**Challenges to Continued Growth and Sustainability**

The growth of the on-demand economy has not been free of obstacles. A number of companies have faced lawsuits, tightening regulations or consolidation. “There have been layoffs, shuttered companies, dwindling funding for [venture capital]-backed startups, and a sobering realization among founders that they need to push for profitability to survive,” wrote tech journalist Maya Kosoff for Vanity Fair.

Others have closed because they lack the capital or customer base to stay afloat. For example, Homejoy, a housecleaning service, shuttered after five years because of legal battles with independent contractors and customers who were unhappy with inconsistent cleaning quality. Only 15 percent to 20 percent of customers booked a second visit with Homejoy within a month, according to former employees interviewed by Forbes.

BlackJet, the Uber for the jet set, lasted less than four years before the high cost of its private jets and inconvenient scheduling led customers to abandon it. The company closed in 2016. Take Eat Easy and Ordr.in (later OrdrX) raised enough capital to last a few years, but were ultimately pushed aside by other restaurant delivery apps. Similarly, Tripda, SideCar and RideJoy could not compete with Uber and Lyft and failed to secure adequate funding.

Others, like Vatler and Zirx, both valet companies, ran up against regulators and traditional companies, and without the resources of larger on-demand companies, were shuttered. These examples indicate that to attract customers and investors, startups must deliver value and have a specific draw to differentiate themselves in already flooded markets. “A lot of these companies will be in trouble that haven’t built a pathway to profitability,” Matt Wong, a senior analyst at CB Insights, a venture capital research firm, told CNET. It remains to be seen whether startups entering the market today can succeed in niche markets where customer demand is evolving, or whether regulatory hurdles and increased competition from larger rivals will lead to their demise.

**Watch video with content specialist Steve Ackerman on on-demand marketing:**

Government at every level is grappling with the rise of on-demand companies and how to treat them. Many on-demand companies do not collect state and local sales and use taxes, arguing in many cases that they are simply digital platforms connecting users to individual service providers and should therefore not be liable for tax collection. In other instances, regulators are questioning employment practices such as companies labeling their workers as contractors who do not become eligible for health insurance or other benefits.
To make itself more palatable to local taxing authorities, Airbnb, for example, offers to collect sales taxes typically applied to traditional hotel lodging. As of December 2017, the company estimated that it was collecting state or local taxes in 38 states and Washington, D.C. 31

Companies such as Uber and Lyft, in contrast, argue that their transportation services do not fall under the taxing jurisdiction of areas in which they operate because the legislation as written does not apply to them. Less than a dozen states currently apply gross or sales tax to taxi or other similar hired rides, partly because at the time these tax laws were written, tracking consumer use of such services was difficult. 32

That is starting to change. In Rhode Island, the state began levying sales tax on taxi fares in 2012, but both Lyft and Uber said that the law was too ambiguous to apply to their companies. In 2016, the state Legislature passed a law clarifying that Uber, Lyft and other digitally connected businesses would have to collect sales taxes. 33 Georgia’s House passed similar legislation in March 2017; the bill is awaiting action in the state Senate. 34

Policymakers also are questioning how on-demand companies fit into other regulations, such as zoning and rental ordinances. In October 2016, New York Gov. Andrew Cuomo signed a law banning the listing of unoccupied apartments as short-term rentals on sites such as Airbnb, FlipKey and HomeAway in violation of New York City’s rental rules. 35 Airbnb sued the state but dropped the suit after the parties agreed that New York City – not the state – would be responsible for enforcing the law and that the platform itself would not be found liable for any infractions; instead, the host renting out a space would be subject to penalty. 36

Overseas, the European Union’s highest court weighed in with a ruling in late December 2017 that Uber was a transportation business, not merely a digital platform, and therefore subject to licensing and other regulations that apply to taxi companies. 37

Labor law is of particular concern to legislators and the contract workers who provide services to on-demand companies. These individuals enjoy little job security or protection under current labor law, often receive low wages and have little recourse for demanding higher pay.

Some states have begun amending laws to define who qualifies as an employee rather than an independent contractor, including what are called “presumptive employee status” laws. These laws assume all workers are employees afforded the rights and benefits of full employment, and they leave the burden of proof on the employer to prove otherwise. Such classification has led to litigation against some of the most high-profile on-demand companies. In February 2017, a Florida state appellate court ruled that Uber drivers were independent contractors and therefore ineligible for unemployment benefits. 38 Such findings are beneficial for the companies but harm the employees they rely on. One on-demand worker said she made $6,000 on the freelance site TaskRabbit the previous year, “but even if I doubled that, that’s still poverty – $12,000 a year. And there are no benefits,” she said. 39

As more legislative efforts and legal proceedings define who is an employee, on-demand companies may become liable for providing costly benefits to its workforce, something that could push some businesses to their breaking point. According to a report by Virginia’s Joint Legislative Audit and Review Commission, companies that misclassify their workers as contractors instead of employees save anywhere from 10 percent to 40 percent on overall payroll costs. 40 “If you had the liability that we’re talking about … it would shut a lot of these companies down,” said Shelby Clark, the founder of car sharing service Turo. 41

But for some companies, taking on higher payroll costs is worth it to build customer and worker loyalty and avoid costly lawsuits. For example, by providing training to ensure all staff deliver the expected level of service, Hello Alfred, a home management service, has built customer loyalty and trust resulting in higher use of the service and positive customer feedback. Similarly, Mulberrys Garment Care, which offers on-demand laundry and dry-cleaning services, hires full-time staff despite the extra cost. “Because of the fact that you have a more knowledgeable and more productive staff, you end up being able to deliver a better product at a competitive wage,” said CEO Dan Miller. “It’s a long-term play…. It’s not the cheap, quick answer.” 42

U.S. Sen. Mark Warner, D-Va., is seeking ways for independent workers to receive unemployment insurance and other benefits such as 401(k)s and workers’ compensation. In May, Warner and Rep. Suzan DelBene, D-Wash, introduced legislation to establish a $20 million grant fund within the U.S. Labor Department to encourage states, communities and nonprofit organizations to experiment with portable benefit models for independent workers.

“As more and more Americans engage in part-time, contract or other alternative worker arrangements,” Warner said, “it’s increasingly important that we provide them with an ability to access more flexible, portable benefits that they can carry with them to multiple jobs across a day, a year, and even a career.” 43

Future Trends
Market analysis indicates the on-demand economy has plenty of room to grow. BIA/Kelsey, a marketing and research firm based in suburban Washington, estimates that in 2017, local on-demand service made up only 7 percent of the U.S. market. Startups that enter the market will face hurdles – as did their predecessors – in establishing themselves as viable investments for large investors. That problem will potentially limit the number and variety of companies offering on-demand services. In fact, venture funding for on-demand startups fell by 35 percent in 2016. This decline comes after venture capitalists invested $12.5 billion in 230 on-demand companies from 2000 to 2015, according to Accenture, the global management consulting firm.

The disruption caused by the on-demand economy is forcing many traditional businesses to scramble to keep up. Accenture found that the transportation/automotive sector received the highest investment from venture capitalists between 2000 and 2015. But, cautions Arun Sundararajan, a professor at New York University's Stern School of Business, all industries are vulnerable to disruption and should be evaluating their business models and considering how to respond to the on-demand threat. “No matter how far away your industry seems to be from digital, there’s a digital disruption on the horizon,” he says.

### On-Demand Spending Generated $57.6 Billion

U.S. consumer expenditures in on-demand economy, 2015

![Chart showing on-demand spending distribution](https://tinyurl.com/h9v4bqr)

The on-demand economy generated $57.6 billion in spending in 2015, with the largest amount spent in online marketplaces such as eBay and Etsy, according to the National Technology Readiness Survey.

Established corporations seeking to retain their relevancy in an on-demand world have three choices: build, buy or partner. Businesses must identify their shortcomings in the on-demand world, develop new offerings geared toward their current and future customer bases, embrace digital technology – specifically seamless payment systems and services based on a customer’s location – and reimagine their business models to provide the experience and level of service today’s consumer expects.

Existing businesses willing to embrace this new consumer landscape can benefit from established loyalty and trust with their consumers, something startups must – and at times struggle to – quickly develop, but only if they can evolve to become more customer-experience oriented. Amazon, for example, has positioned itself to compete with delivery companies such as Postmates by expanding its two-day Prime shipping service to one- and two-hour Amazon Prime Now in certain metropolitan areas.

Short of finding ways in-house to meet on-demand consumer expectations, established companies must look to startups for help, as GM has done with Lyft. Partnerships between large, established corporations and startups are already becoming the norm in the grocery and restaurant industries, with companies including McDonald’s, Costco, Target and 7-Eleven partnering with delivery services such as Instacart to make their products more readily accessible.

NYU’s Sundararajan is closely monitoring those economic sectors that are testing the on-demand waters, specifically local retail and health care. Companies such as DoorDash and Postmates that traditionally offer restaurant meals are now looking to other goods – hardware, for example – so that they can deliver to consumers any item within minutes to an hour.
In health care, Sundararajan sees changes coming both in consultations with a doctor and access to certified health care providers for simple needs such as colds or stitches that would bypass the long wait times and inefficiencies at emergency rooms or urgent-care locations. There's "no tech revolution here," Sundararajan says. "The challenge here is building up the supply to get businesses up and running," he says, because most doctors are currently tied to certain health institutions for insurance purposes. The UBERDOC app, while not yet ready for widespread use, is paving the way, offering near real-time access to a specialist without a referral for the fixed price of $300.

Owyang of Catalyst Companies believes that some technology companies provide a model for the on-demand economy. The IBM's, Apple's, Google's and Microsoft's of the world are offering on-demand products, providing platforms that allow independent developers to build new products and giving their customers online space to support one another. "But this same model shouldn't be limited to software companies alone," Owyang wrote.

While success in the new economy will depend on established companies’ ability to re-invent their supply chains to offer instant access to their goods and services, another shift is in the offing. According to Owyang, in the not-so-distant future, drones, robots and self-driving cars will likely replace humans as the primary mode of delivery. Already, companies are experimenting with robot and drone delivery for takeout and packages.

And there is talk of the ultra-high-speed transportation company Hyperloop One not only revolutionizing human transit, but changing how freight is moved to better fit into the micro-moment, on-demand expectation of consumers. Such an agglomeration could increase competition, availability, and specialization of limitless goods and services to consumers, no matter where they are located.

Even that, Owyang says, could become outmoded, and consumers may one day find their homes prestocked with items they use, based on historical behavior and preferences, billed on a pay-for-use system.

As Amazon has found, however, the evolution of shipping speed and consumer convenience is costly, and the hit its earnings have taken may not be sustainable for everyone. "There’s a lot of things that we’re doing to shorten the time to delivery," Amazon CFO Brian Olsavsky told reporters in late 2016. "We acknowledge that’s expensive, but it’s certainly a great part of our value proposition, and customers love it, so we take it as a given and then we work very hard to bring down our costs through greater efficiency."

The difficulty in making the moves necessary to reach this autonomous world – or even one that can just respond to consumer demands faster – is difficult for startups and traditional companies alike. "Agreeing on strategic actions while not being able to agree on what the consumer product landscape will likely look like in five years is challenging in itself; concurrently moving rapidly with thoroughgoing actions is even more difficult," a 2015 report by Deloitte Insights concluded.

Whether the future involves self-driving rideshares or automatic delivery of groceries, the biggest issue for startups and established corporations will be resilience, says Owyang. Consumers have been empowered, and they are unlikely to turn back to older ways. Companies that can remain relevant are those that will not only be prepared to fulfill immediate needs with the right goods and services, but will prioritize customer service and continue to adapt and change alongside consumer needs. “It’s inevitable that change is going to happen,” says Solis.

About the Author

After graduating from The George Washington University, Heather Kerrigan started her journalism career at Governing magazine, reporting on state and local politics and policy, with a focus on public workforce, environment, health care, education and technology issues. Since co-founding River Horse Communications, Heather has offered freelance editorial services and blogs for two government-focused publications. She is the author of the book “Retire Rich With Your 401(k) Plan.”

Chronology


1979 First online shopping system is demonstrated by British inventor Michael Aldrich in the United Kingdom. Customers are hand-delivered goods and pay in cash upon delivery.

1984 Electronic Mall, created by CompuServe, begins operating in the United States and Canada as the first online shopping center where consumers could purchase goods from a number of retailers.

1992  IBM releases the first smartphone, the Simon Personal Communicator, which could be used for calls and to receive faxes and emails; it also featured applications including a calendar, clock, scheduler, address book and note taker. An estimated 50,000 units were sold between August 1994 and February 1995.

1994  The Netscape Navigator browser is released by the Mosaic Corp., making internet access and e-commerce more widely available.... Jeff Bezos founds Amazon; one year later, Pierre Omidyar develops AuctionWeb, the precursor to eBay. Both websites begin to change consumers’ mindset regarding how and where purchases are made.

1997  Mobile commerce is launched in Helsinki when two Coca-Cola vending machines are installed that accept payment via text message.

1999  SeamlessWeb (later Seamless) debuts in New York to provide a Web-based restaurant ordering system to companies; access to consumer diners begins in 2005 (Seamless will merge with Grubhub in 2013).... Apple adds a Wi-Fi option on its iBook computer and NTT DoCoMo in Japan begins offering mobile-optimized full internet service on its cellphones.

2000-Present  The on-demand economy takes off.

2004  Grubhub starts food delivery in Chicago. By 2017, the company says, it offers service in more than 1,300 U.S. cities and London.

2005  Amazon inaugurates Amazon Prime, an annual membership offering two-day shipping on millions of items.

2007  Apple CEO Steve Jobs unveils the iPhone in January; the first models are available for sale five months later. Labeled a “breakthrough internet communications device,” the iPhone revolutionizes how the world communicates and receives information.

2008  Airbnb debuts under the name AirBed & Breakfast in San Francisco. The company changes its name to Airbnb in 2009.

2010  Uber begins offering service in San Francisco under the name UberCab; the name is shortened to Uber in 2011. In 2012, Lyft, which will become Uber’s strongest competitor, begins service in the same city.

2013  UPS begins offering 3D printing at some of its locations, intended for retail customers, small businesses, and startups. Customers can print items such as personal accessories, functional prototypes, manufacturing jigs and fixtures and architectural models. Staples begins offering a similar service in 2014.

2014  Amazon introduces Prime Now in parts of New York City, offering delivery of certain products in an hour or less.

2016  An attempt by Uber to settle class-action lawsuits brought by drivers in California and Massachusetts who want to be classified as employees instead of independent contractors, which would have required the company to pay up to $100 million, is rejected by a federal judge. Additional lawsuits follow against Uber and similar companies. Analysts begin to question whether such litigation will spell the demise of the on-demand economy.... Amazon begins testing its Prime Air delivery in the United Kingdom, with packages delivered by unmanned drone.

2017  Starship Technologies in partnership with Postmates begins using the United States’ first delivery robots in Washington. Postmates app users are able to order items from a convenience store or restaurant that are then delivered by a GPS-guided device (March).... The U.S. National Labor Relations Board (NLRB) issues a complaint against Handy Technologies, Inc., an on-demand service for hiring cleaners, alleging that its workers are employees and not independent contractors and therefore are covered by federal labor law (August).... The European Union’s highest court rules that Uber is a transportation business subject to licensing and other rules governing taxi companies (December).

Resources for Further Study

Bibliography

Books


professor of operations and management sciences at New York University explains how crowd-based capitalism might replace the more traditional corporate-centered economic model and the impact that may have on daily life.

Articles


Reports and Studies

Lam, Chungsang Tom, and Meng Liu, “Demand and Consumer Surplus in the On-Demand Economy: The Case of Ride Sharing,” SSRN, July 7, 2017, https://tinyurl.com/y6w7gtvpk. Two economists from Clemson (Lam) and MIT (Liu) study how economic value is created in ride-sharing platforms based on a review of demand-based pricing, ride sharing and public transportation data in New York City.

Maselli, Ilaria, Karolien Lenaerts and Miroslav Beblavý, “Five things we need to know about the on-demand economy,” Centre for European Policy Studies, Jan. 8, 2016, https://tinyurl.com/va9waky. A European Union think tank explores what is currently known about the on-demand economy and questions that remain about its future impact, such as how policymakers will approach these new products, services, and employers and whether the future global workforce will be primarily self-employed.


The Next Step

Mobile Apps

Crook, Jordan, “Favor, the on-demand service focused on Texas, picks up $22 million Series B,” Tech Crunch, Sept. 7, 2017, https://tinyurl.com/y6lflgof. Favor, a restaurant food delivery app similar to Postmates, shuttered its operations in other states to focus on Texas as it seeks to provide better service in its home territory.


Rapid Delivery

Target announced its $550 million acquisition of Shipt, a subscription-based grocery marketplace, and plans to offer same-day delivery, creating a subscription option similar to Amazon Prime.

Amazon has introduced a delivery service on five college campuses that it touts as being even faster than Prime Now. After shoppers make a purchase, Amazon employees place it in a nearby locker and text the locker’s access code to the customer.

Organizations

Aspen Institute
1 Dupont Circle, N.W., Suite 700, Washington DC 20036
1-202-736-5800
www.aspeninstitute.org
@AspenInstitute
Global think tank that explores best economic practices and promotes open-minded dialogue on current issues.

Brookings Institution
1775 Massachusetts Ave., N.W., Washington, DC 20036
1-202-797-6000
www.brookings.edu
Public policy think tank that conducts research on domestic and global issues.

Catalyst Companies
www.catalystcompanies.co
jko@catalystcompanies.co
@CrowdCompanies
Organization connecting established corporations, startups and leaders in the collaborative economy.

Institute on Taxation and Economic Policy
1616 P St., N.W., Suite 200, Washington, DC 20036
1-202-299-1066
www.itep.org
A nonpartisan research organization that analyzes the impact of tax policy at all levels of government.

JPMorgan Chase & Co. Institute
270 Park Ave., New York, NY 10017
1-212-270-6000
https://www.jpmorganchase.com/corporate/institute/institute.htm
institute@jpmchase.com
A think tank within the global financial institution dedicated to data analysis on current economic trends, both domestic and global.

MIT Initiative on the Digital Economy
Sloan School of Management, Massachusetts Institute of Technology, 245 First St., Room E94-1521, Cambridge, MA 02142
1-617-452-3216
http://ide.mit.edu
An initiative that looks at how consumers and businesses interact in the digital economy.

National Employment Law Project
75 Maiden Lane, Suite 601, New York, NY 10038
1-212-285-3025
www.nelp.org
An organization promoting policies that support workers’ rights and fair access to employment.

Think with Google
1600 Amphitheatre Parkway, Mountain View, CA 94043
1-650-253-0000
www.thinkwithgoogle.com
An arm of the global search engine giant that collects and analyzes real-time data on consumer trends.

Notes


[4] Ibid.


[7] Ibid.


[13] Ibid.


[47] Ibid.


