

**A GLOBAL THINK TANK DEDICATED TO
DELIVERING DATA-RICH ANALYSES AND
EXPERT INSIGHTS FOR THE PUBLIC GOOD**

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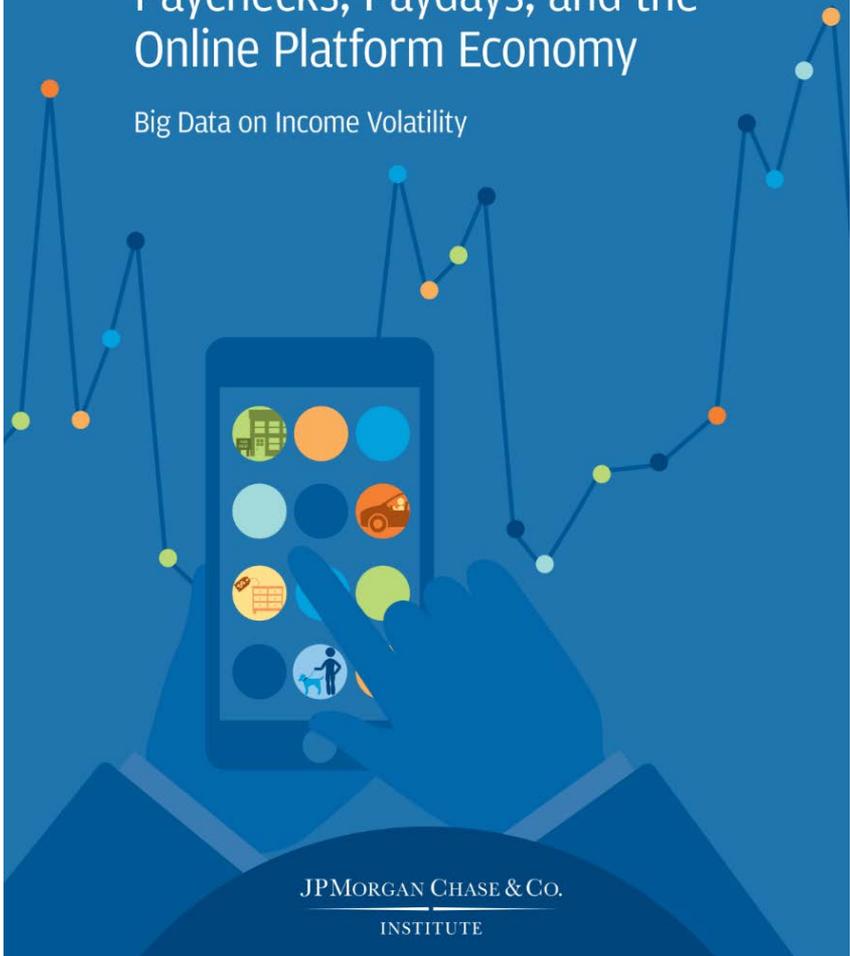
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February 2016

Paychecks, Paydays, and the Online Platform Economy

Big Data on Income Volatility



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November 2016

The Online Platform Economy

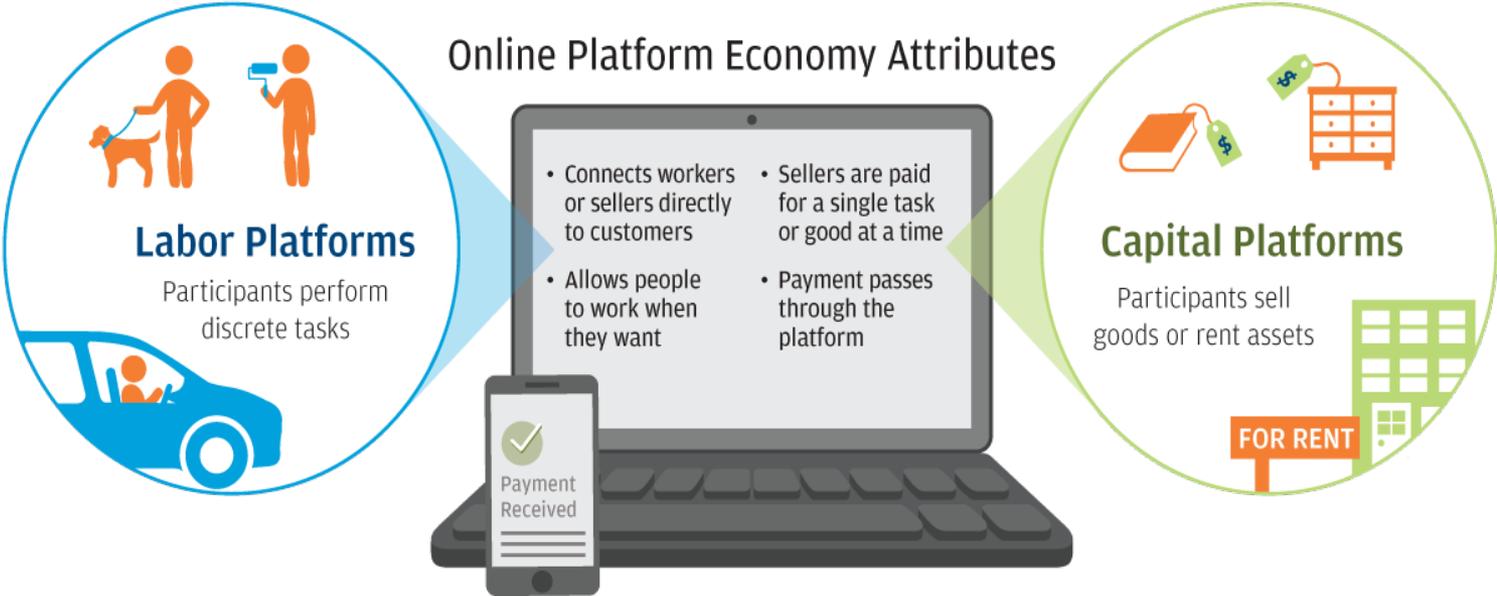
Has Growth Peaked?



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The Online Platform Economy

In defining the Online Platform Economy we distinguish between **Labor Platforms** and **Capital Platforms**

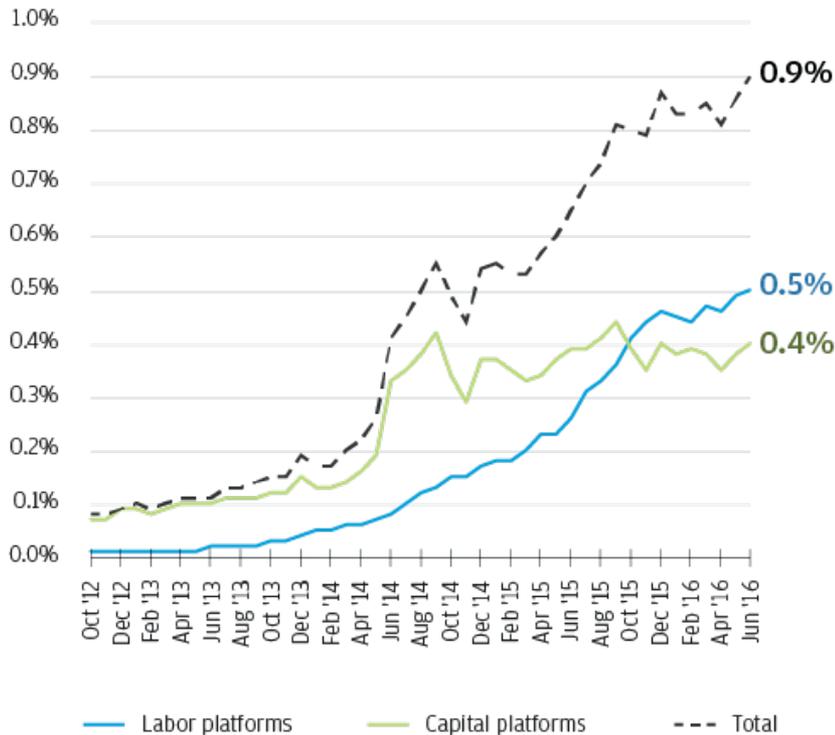


Data Asset: We identify income received by **over 240,000** anonymized individuals from **42 distinct platforms** between **October 2012 and June 2016**.

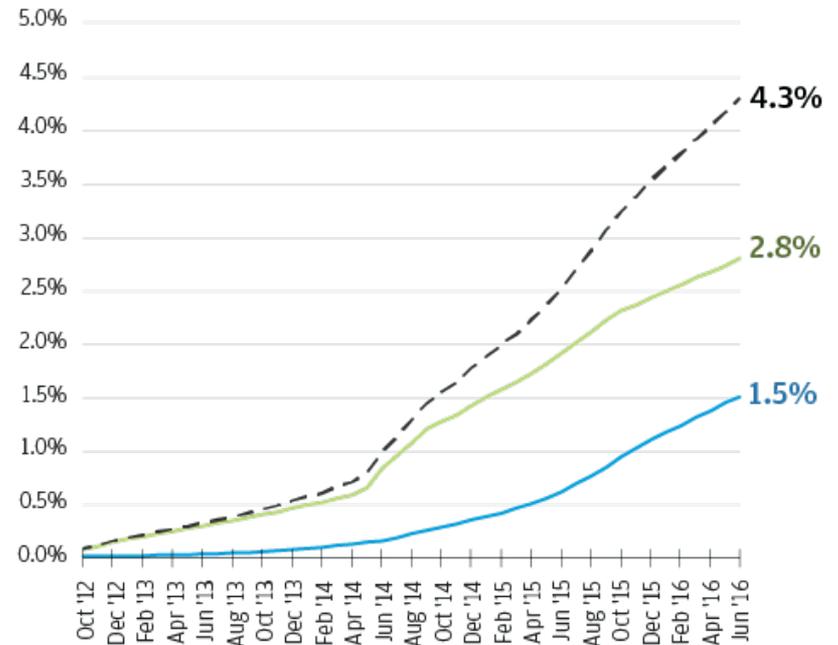
Growth in participation in the Online Platform Economy peaked in 2014 and has slowed since then

Monthly participation in the Online Platform Economy slowed in 2016 while cumulative participation continued to grow

Percent of adults participating in the Online Platform Economy in each month

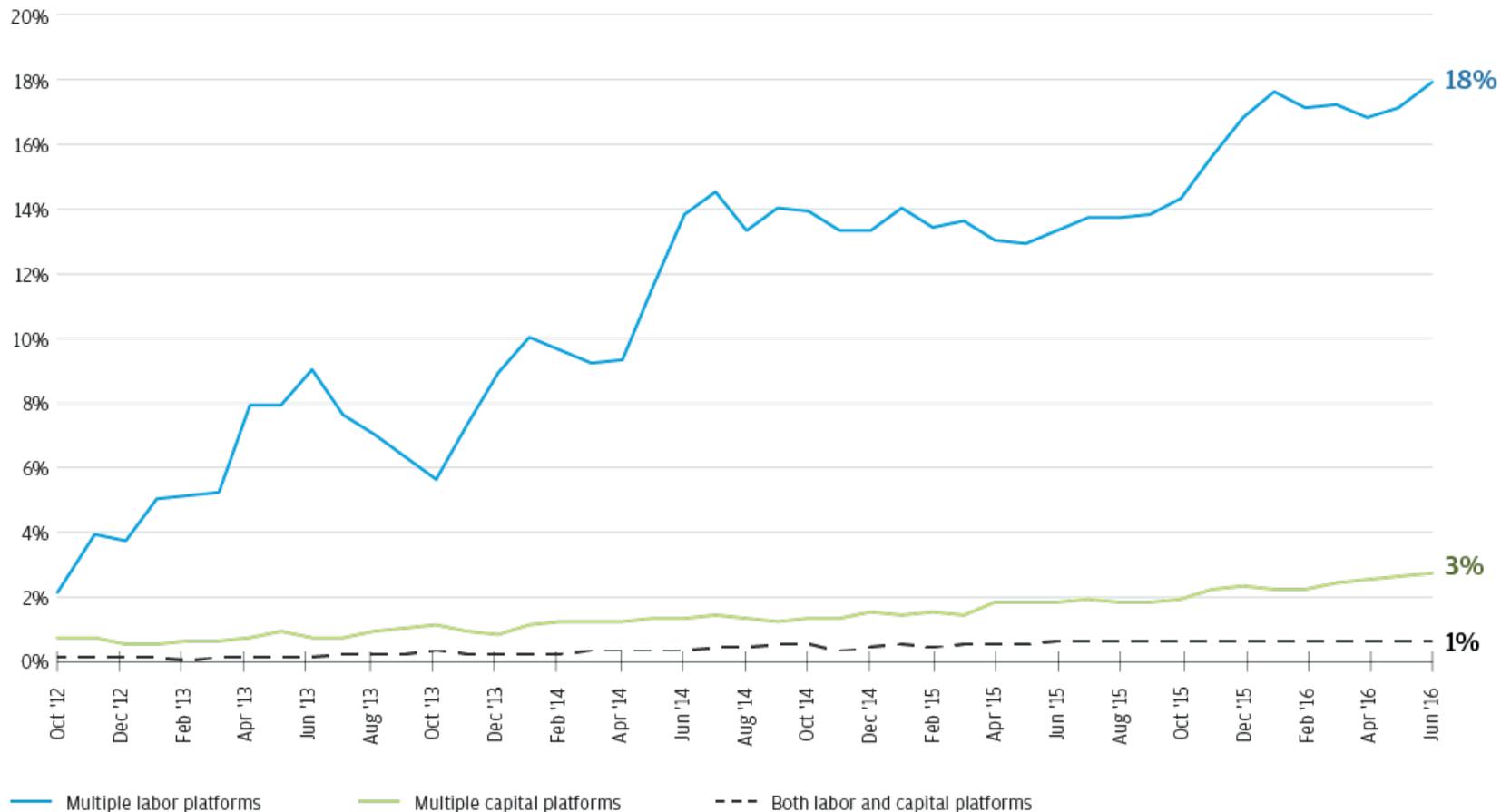


Cumulative percent of adults who have ever participated in the Online Platform Economy



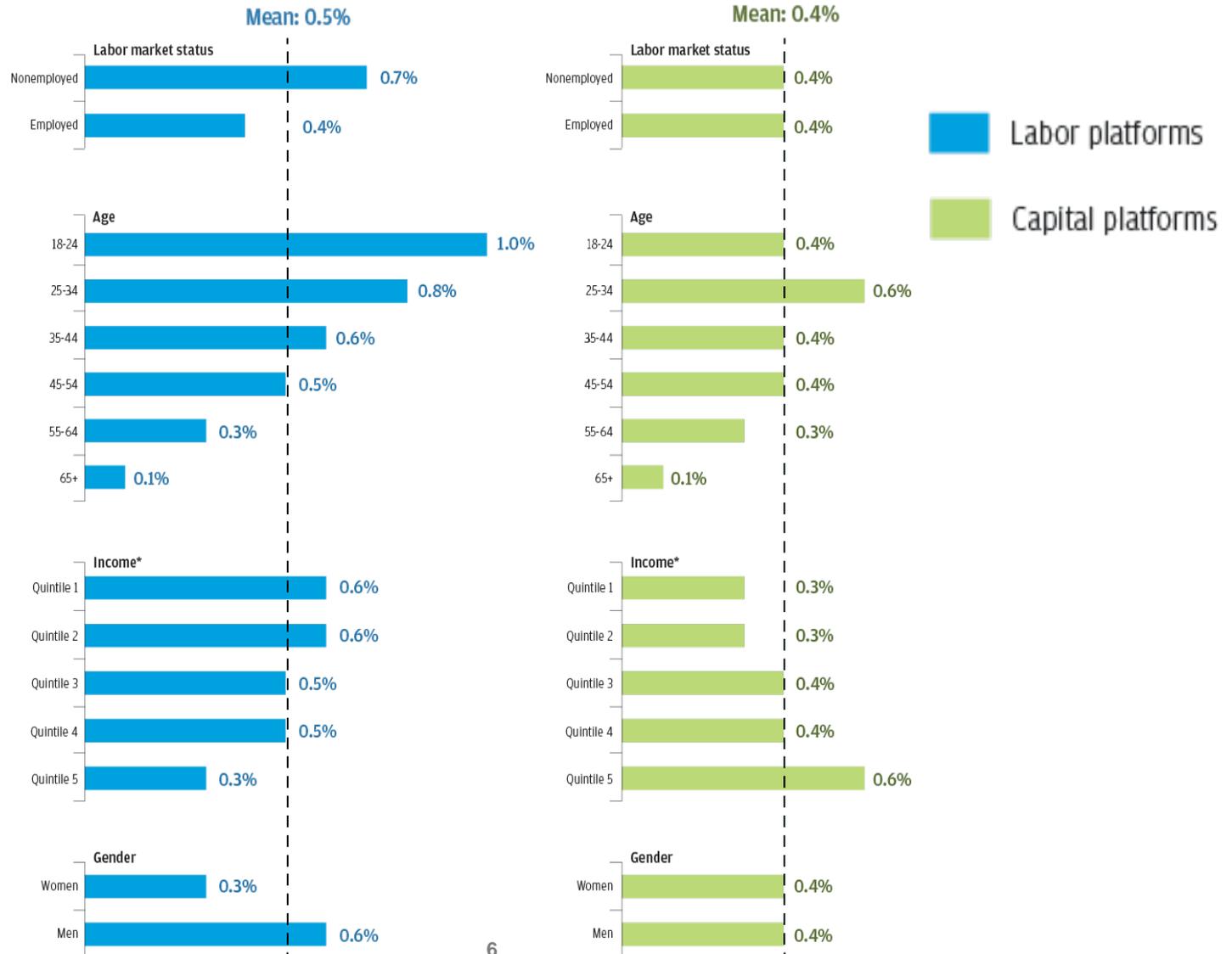
The share of participants earning income from multiple platforms has increased especially on labor platforms

Share of participants earning income from multiple platforms



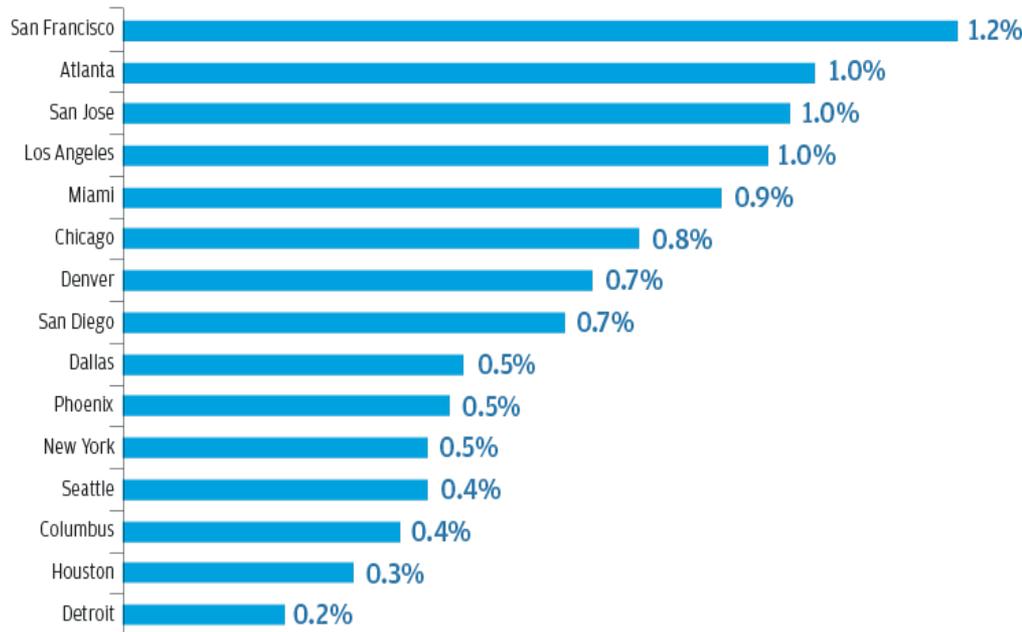
The nonemployed, young, low income, and men were more likely to participate on labor platforms, but there was less heterogeneity in participation on capital platforms

Percent of adults participating on labor and capital platforms in June 2016

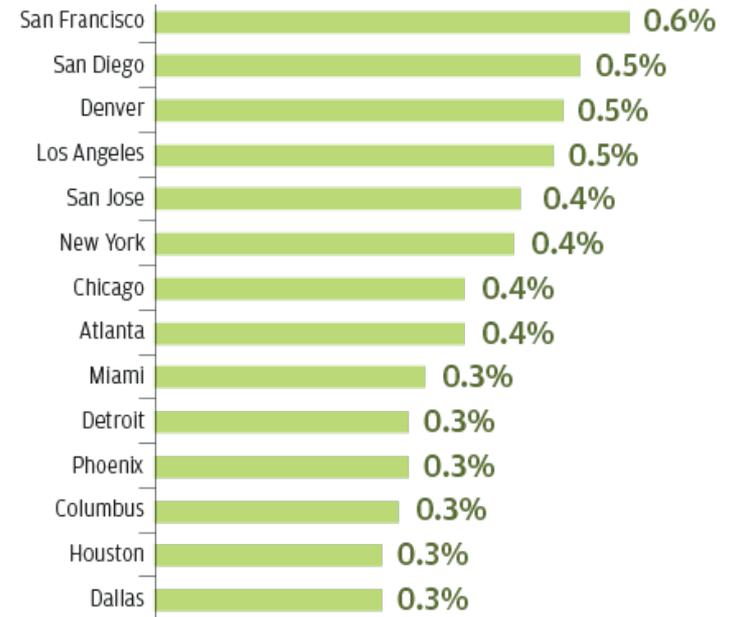


At the city level, there is substantial variation across cities in both the level and growth of labor platform participation, while growth in capital platform participation has mostly stalled

Percent of adults participating on labor platforms in June 2016

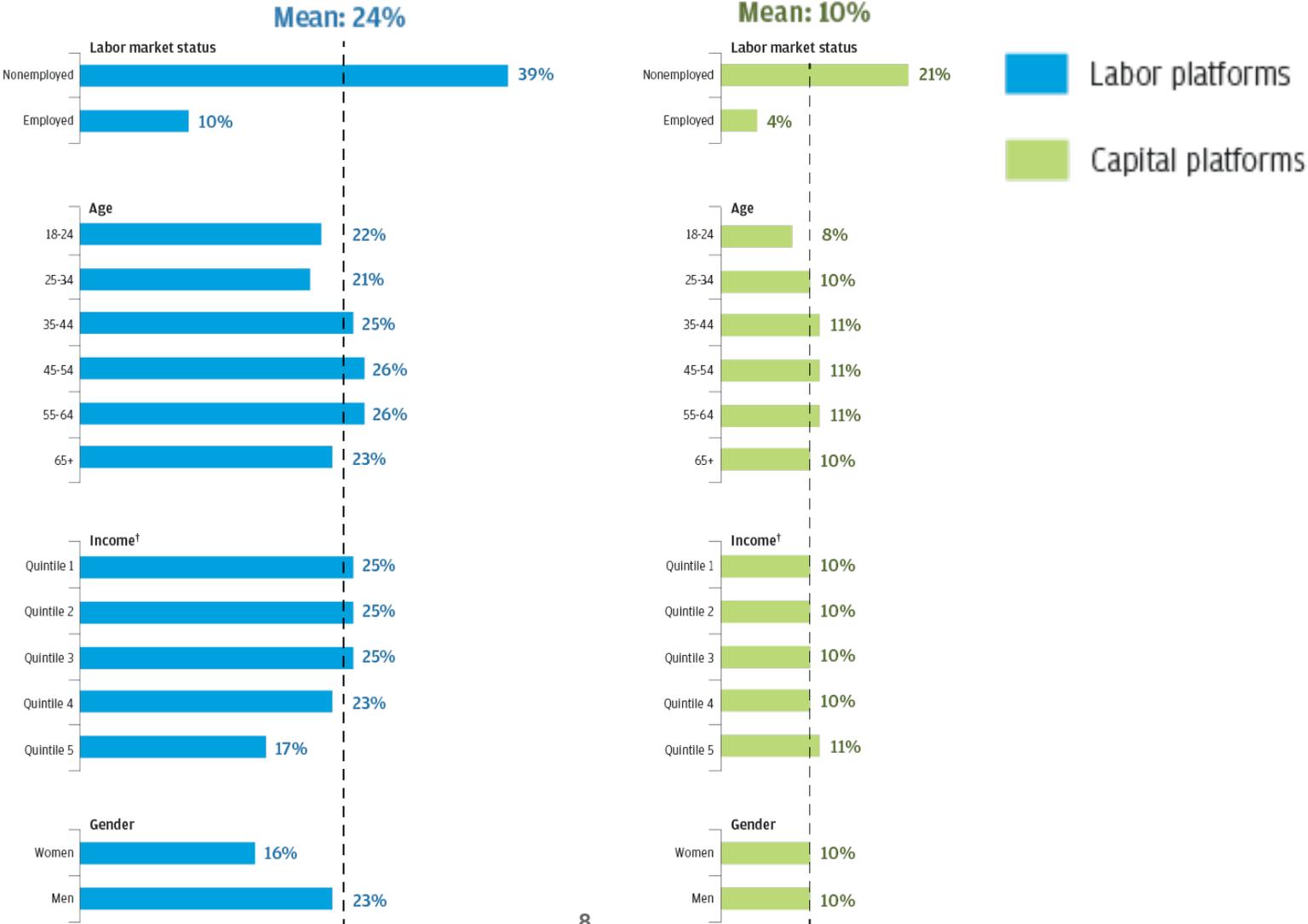


Percent of adults participating on capital platforms in June 2016



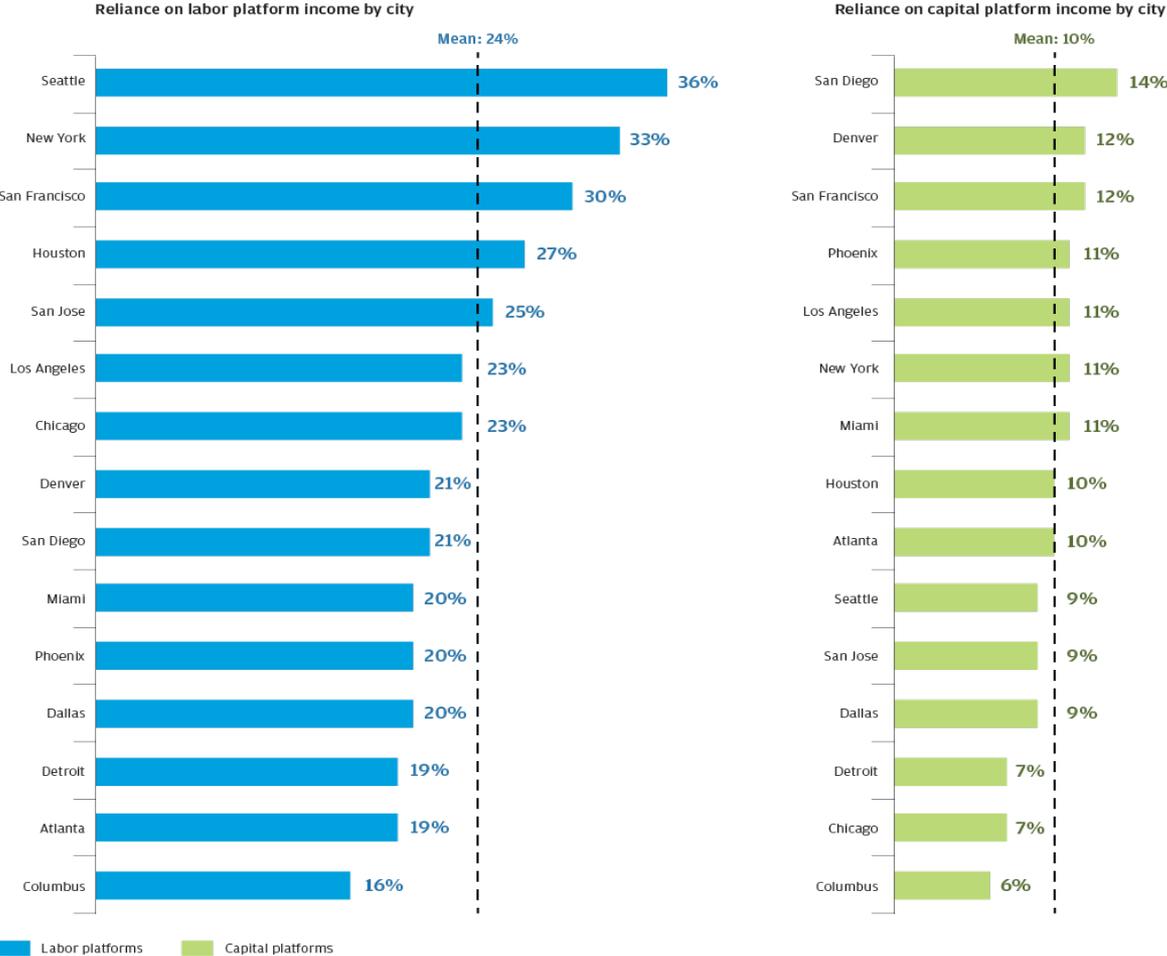
On average, participants earn 24% of their total income in labor and capital platforms respectively, with significant variation.

Percent of total annual income earned on platforms among established platform participants in the 12 months ending in June 2016, by demographic group



Platform earnings remain a secondary source of income

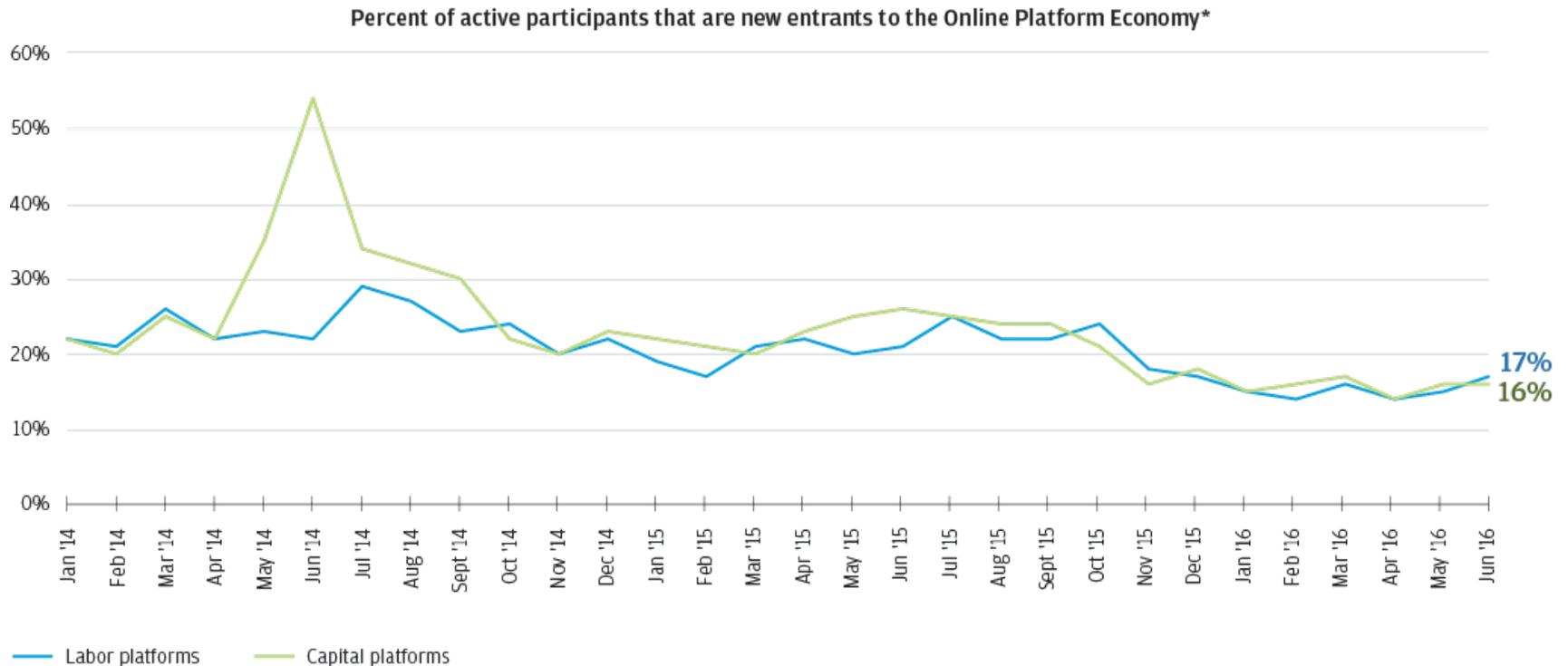
Percent of total annual income earned on platforms among established platform participants in the 12 months ending in June 2016, by city*



* We define "established participants" as those who received platform income at any point between October 2012 and June 2015. We study the reliance of this group of participants in order to observe a full 12-month period in which platform income could contribute to a participant's income.

Turnover in the Online Platform Economy is high (1/2): one in six participants in any given month is new

About one in six active participants is a new entrant to the Online Platform Economy in any given month

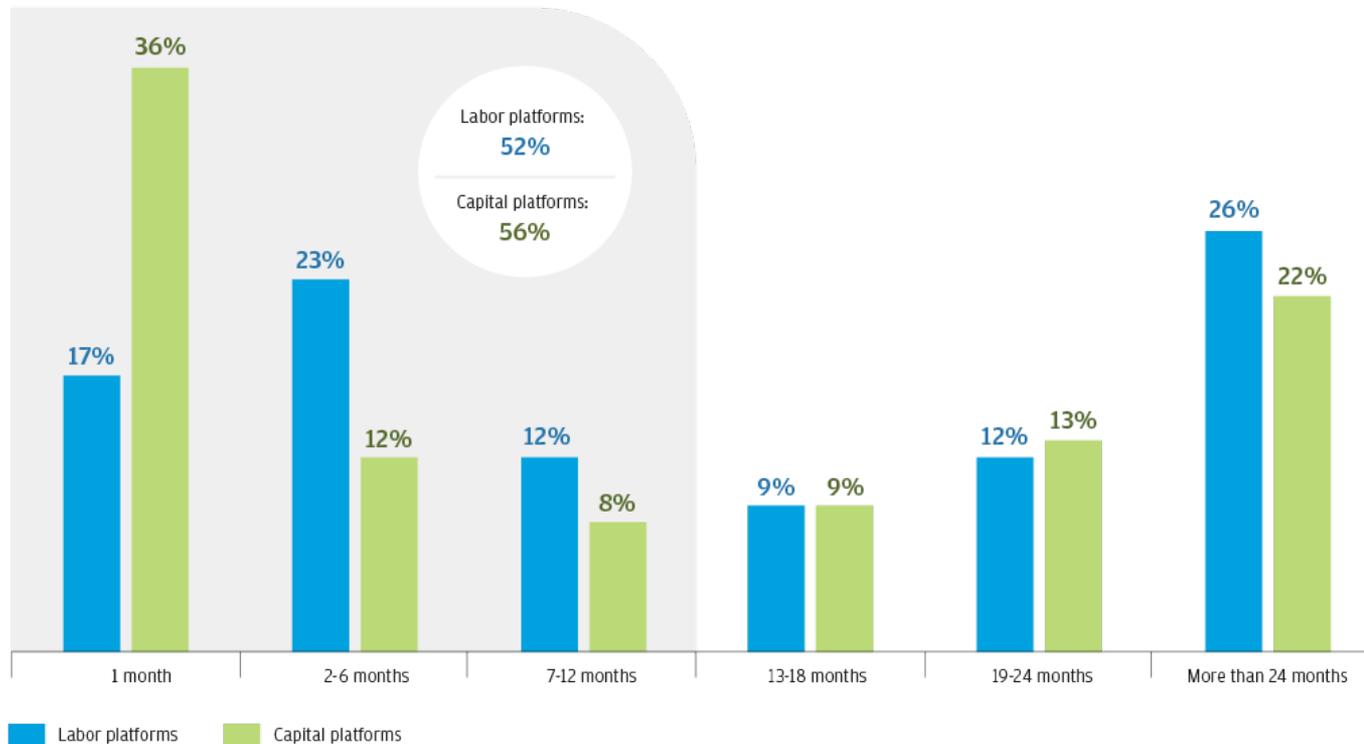


* Data are shown starting in January 2014 because the percentage of participants that are new is mechanically equal to 100% in the first month. Time series are otherwise consistent prior to January 2014. The changing mix of platforms with active participants in any one month resulted in the large spike in new entrants on capital platforms in mid-2014.

Turnover in the Online Platform Economy is high (2/2): more than half of participants exit within 12 months

More than half of participants exit within 12 months

Percent of participants by length of observed platform career*

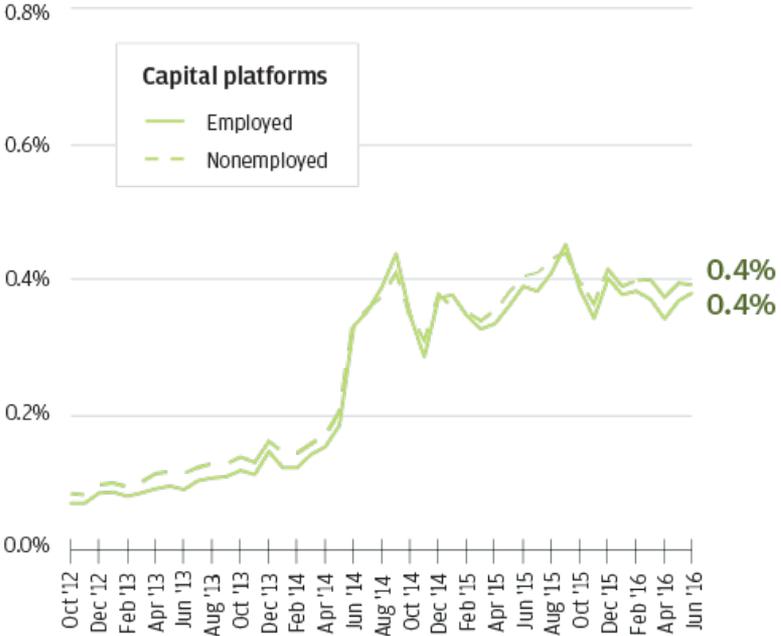
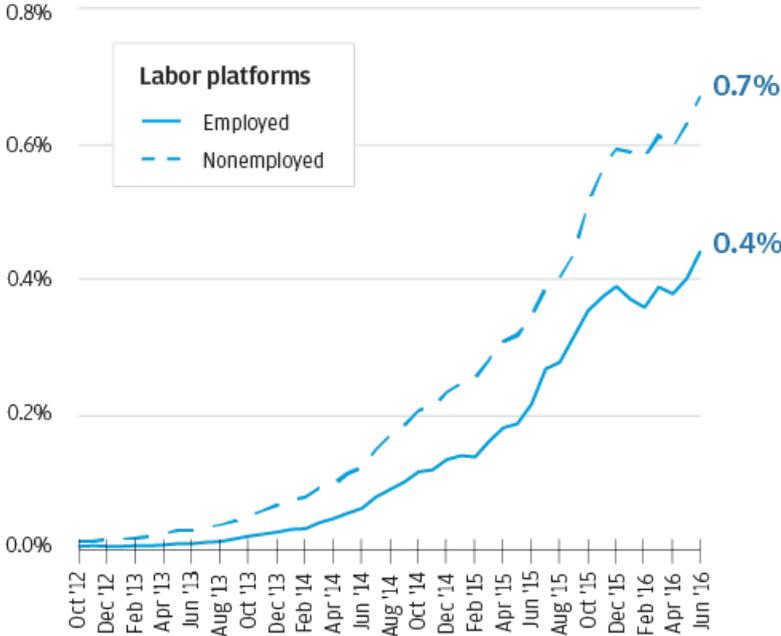


* Data reflect all participants who first earned platform income in July 2014 or earlier. Platform careers are defined as the number of months between the first month with observed platform income and the last month with observed platform income, without requiring receipt of platform income in the intervening months.

- This high degree of turnover suggests that **participants might not treat platforms like traditional jobs**, where the median length of time a wage and salary worker has been with his or her current employer is over four years (*Bureau of Labor Statistics, 2016*)
- This might be because **platforms do not typically offer the full package** of income security, benefits, training, and income and career progression that many traditional jobs offer
- Given high participant turnover, growth in online platform participation is highly dependent on **attracting new participants or increasing the attachment of existing participants**

Non-employed individuals are more likely than the employed to participate in labor platforms

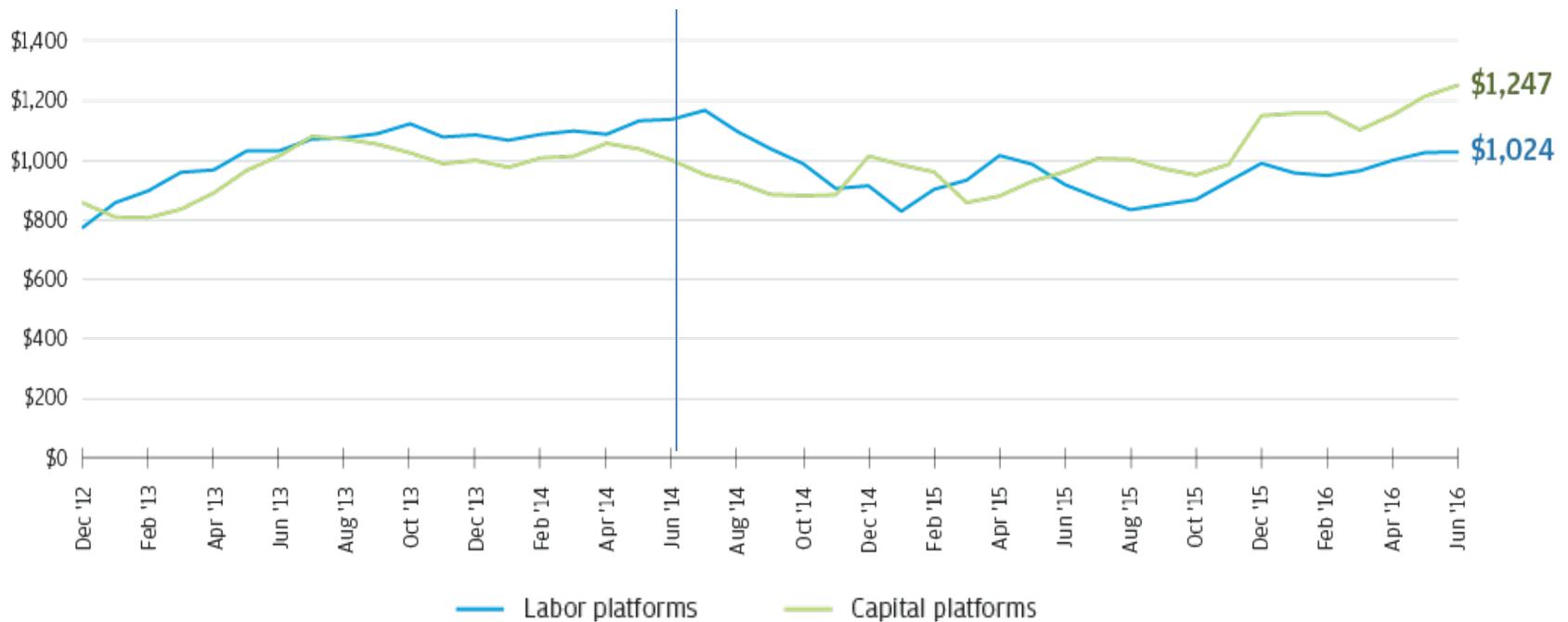
Percent of adults participating on platforms by employment status



- In addition to participating at higher rates, participants who are **not employed have longer platform careers** than those who are employed
- These data points are consistent with the observation that labor platform participants tend to **use platform income to smooth over dips** in non-platform income

Average monthly earnings on capital platforms increased by 34% between June 2014 and June 2016 but decreased on labor platforms by 6%

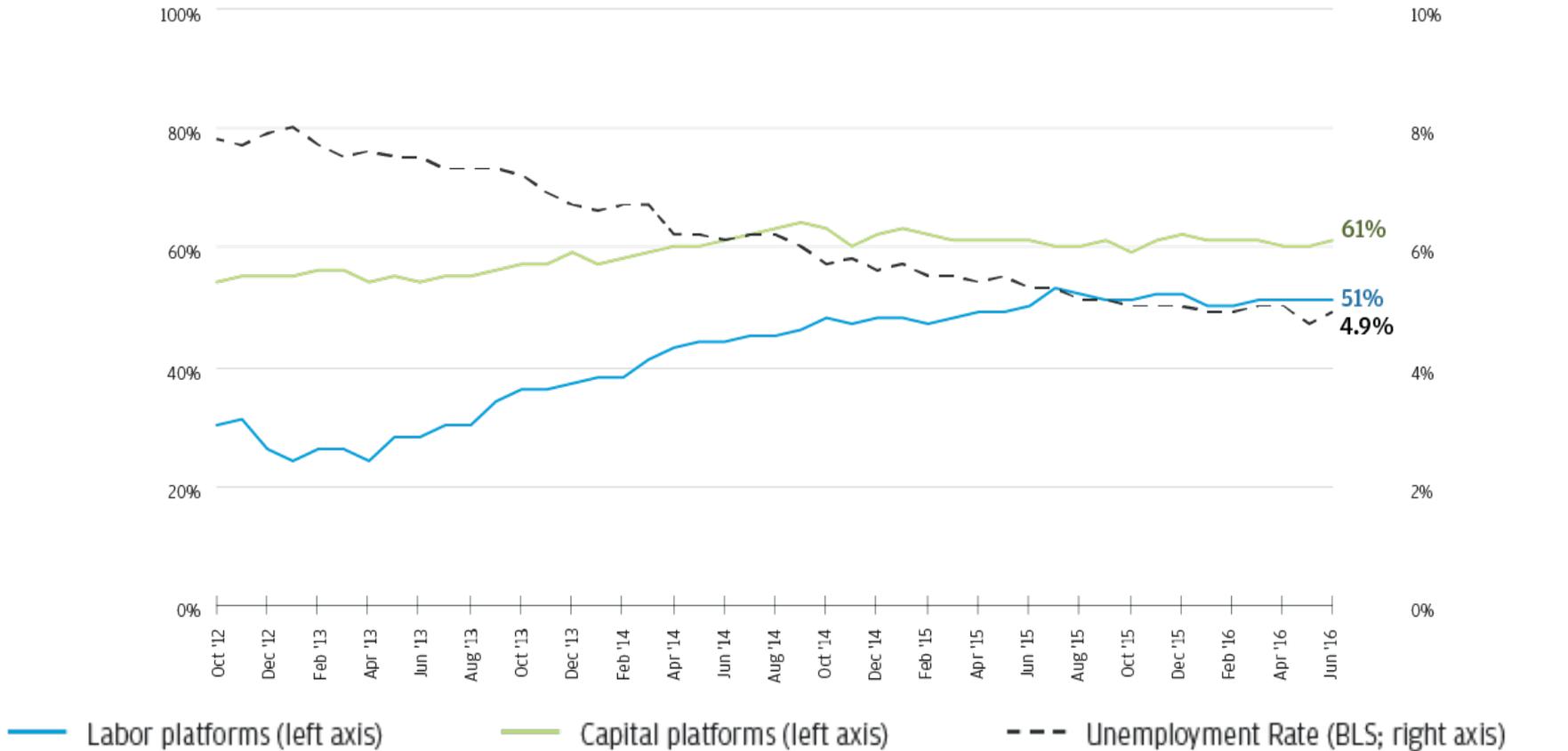
Three-month rolling average of monthly platform earnings



Source: JPMorgan Chase Institute

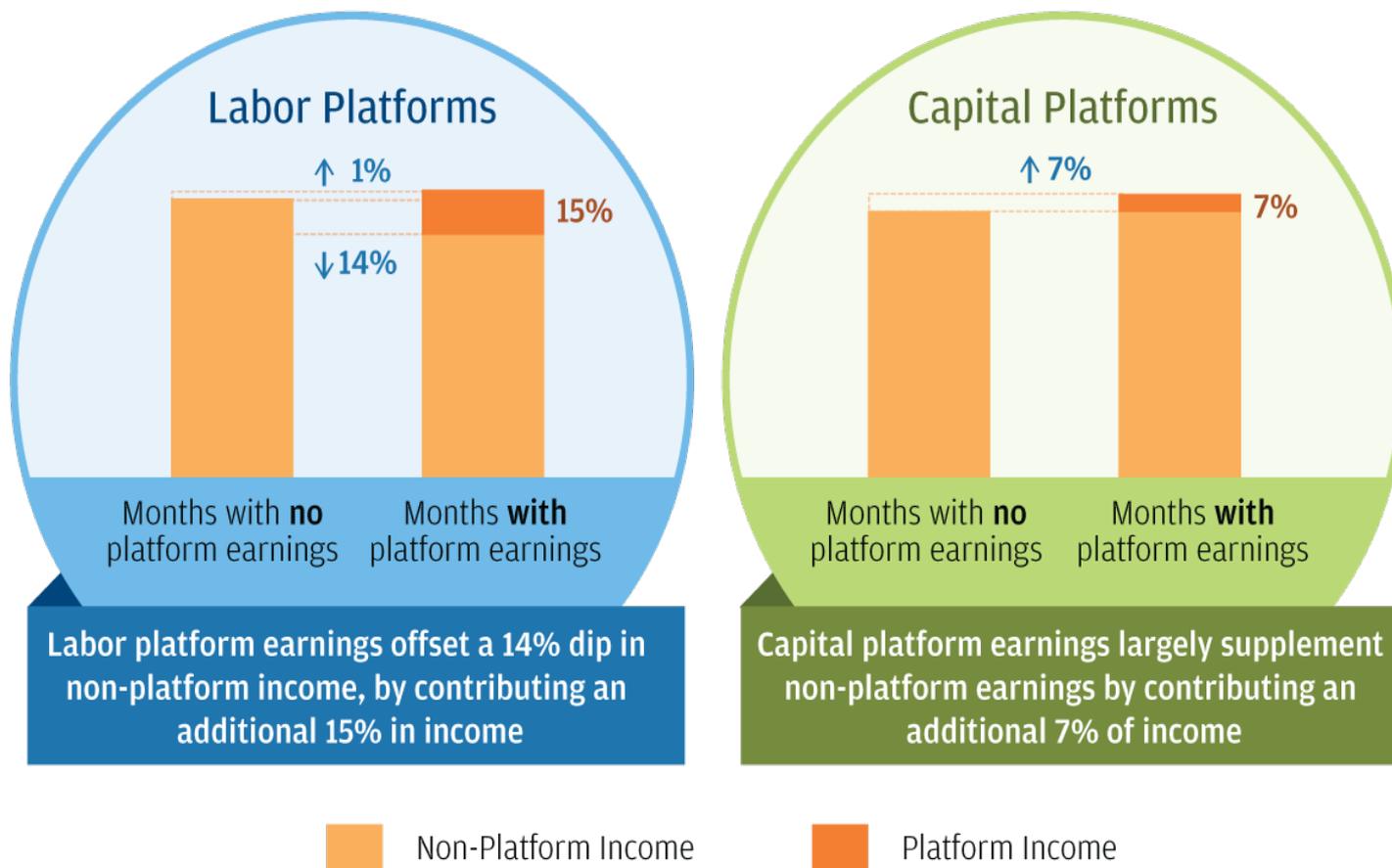
Employed individuals represented an increasing share of participants as the unemployment rate dropped

Share of active participants employed in a non-platform job and the official unemployment rate



Source: JPMorgan Chase Institute

Earnings from labor platforms offset dips in non-platform income, but earnings from capital platforms supplemented non-platform income



Questions for the Federal Economic Statistical Advisory Committee, which the JPMorgan Chase Institute is also grappling with

- 1. Do we need a more continuous definition of “labor force participation”?** The Online Platform Economy may create earning opportunities for individuals who are traditionally considered “outside of the labor force” (e.g. students, care givers, retirees).
- 2. How can FESAC monitor wage levels and hours from contingent work?** Earnings are jointly determined by price (set by platforms) and quantity (determined by workers).
- 3. To what extent do people use contingent labor to manage dips in their income or expense spikes?** To answer this question we need approaches to measure sources of income and expenses on a high frequency basis.
- 4. To what extent is the contingent labor market sensitive to the business cycle?** Will we see participation growth in platforms continue to slow as a result of a strengthening labor market?

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