The Online Platform Economy: What is the growth trajectory?

In our recently released report *Paydays, Paychecks, and the Online Platform Economy*, we documented the extraordinary growth in the number of individuals who are earning income from online platforms, such as Uber, TaskRabbit, or Airbnb.[1] From a universe of 6 million anonymized core Chase customers, we assembled a dataset of over 260,000 individuals who earned income from at least one of 30 distinct platforms between October 2012 and September 2015—the largest sample of platform earners to date. Over this three-year period, monthly participation in the Online Platform Economy grew 10-fold, from 0.1% to 1.0% of adults in our sample. In the same period the cumulative participation grew from 0.1% of adults to 4.2%, a 47-fold growth. We found that this growth also varied between labor platforms, where individuals perform discrete tasks or assignments; and capital platforms, where individuals sell goods or rent assets peer-to-peer.

The high growth that we find in our sample raises important questions about the trajectory of growth in the Online Platform Economy. For example, which types of platforms are growing faster? How consistent is the growth of individuals participating, and of money earned on these platforms? Are individuals increasing their reliance on these platform opportunities? By further analyzing the growth rates of our sample, we discover a few key insights into what we might expect going forward from this new way to work.

- First, as documented in our report, **the growth rates for participation in both labor and capital platforms are tremendously high.** The year-over-year growth in the percent of adults earning income from the Online Platform Economy exceeded 60 percent in every month between October 2013 and September 2015.

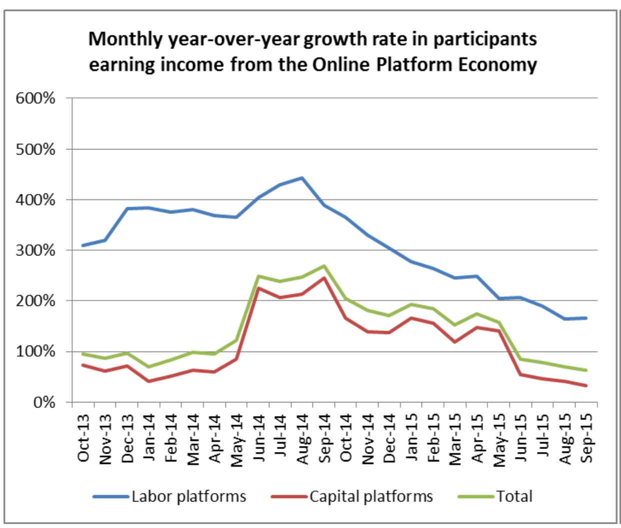
- Second, participation of earners in **labor platforms grew faster than in capital platforms.** Year-over-year growth rates in monthly participation ranged from 300 percent to 440 percent for labor platforms in 2013 and 2014, whereas they ranged from 50 percent to 250 percent for capital platforms during this period.

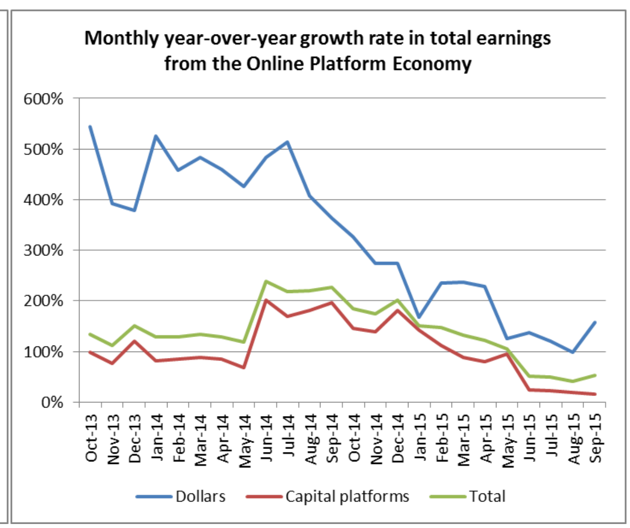
- Third, despite this high growth, year-over-year growth rates were not consistent over the observable time period. In fact, **there has been a marked slowdown occurring in monthly participation growth** of earners in both labor and capital

[1] Examples do not imply that we have identified income from these specific platforms.

platforms. Over this timeframe, year-over-year growth rates in monthly participation peaked at roughly 440 percent for labor platforms in August of 2014 and 250 percent for capital platforms in September of 2014. They then fell almost continuously to roughly 170 percent for labor platforms and 30 percent for capital platforms in September 2015. Nevertheless, if the year-over-year growth rates in participation observed in September 2015 were to continue going forward, the percent of participants in labor platforms would more than double every year, and the percent of participants in capital platforms would double roughly every three years.

- Fourth, we find a **similar slowdown in growth in total dollars earned on these platforms.** Indeed, year-over-year growth in dollars earned fell even more precipitously than did the number of participants, from a high of over 500 percent to a low of 100 percent for labor platforms, and from around 200 percent to 20 percent for capital platforms. The concurrent falling growth trajectories in both total dollars earned and the number of active participants are consistent with the stable or falling rates of reliance on platform earnings documented in our report. The percent of active participants who relied on platform earnings for more than 75 percent of their income remained relatively steady over the three years—representing 25 percent of labor platform participants and 17 percent of capital platform participants.





Decision makers would be remiss not to consider the policy and economic implications of any development in the labor market with these startling growth rates. Even at the low end, both in terms of participation and dollars earned, online platforms grew by about 50 percent per year, making it by far the fastest growing segment of the labor market.[2] The development of the Online Platform Economy presents a real opportunity for individual

[2] The Bureau of Labor Statistics projects home health care services (4.8 percent annually) and software publishers (4.7 percent annually) to be the fastest growing industries in terms of employment and output, respectively, between 2014 and 2024.

workers to generate additional earnings when income from their traditional jobs falls short or when they are in transition between jobs; yet it also poses important questions about worker protections and benefits. Will these platform jobs have the potential to become individuals' main sources of livelihood or remain a marketplace of side "gigs"? While it is probably too early to know, policy makers and business leaders have the opportunity right now to understand and help shape this new marketplace for the greater good of workers and the economy.

The JPMorgan Chase Institute is committed to delivering data-rich analyses and expert insights for the public good. Our recently released report Paychecks, Paydays, and the Online Platform Economy explores the demographics and sources of income volatility and provides an unprecedented look at the impact of the Online Platform Economy.