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Best of Peoria

The "Uberized" Workforce



by Stevie Zvereva

Peer-to-peer technology companies are disrupting long-established industries... and carving out a new kind of economy.

"I'll be honest: most of my family and friends were kind of freaked out when they knew I was starting this," says Laura Fuller. But after spending "too much time and too many dollars" on renovation projects, the Peoria resident decided that listing her two properties on

Airbnb was the right choice. Today, she earns two to three times what she would have made as a traditional landlord.

Founded in 2008, Airbnb allows people "to list, discover and book unique accommodations around the world," touting its service as the "easiest way for people to monetize their extra space and showcase it to an audience of millions." And the San Francisco-based company is just one amongst a flock of technology companies boasting similar opportunities.

The sharing economy. The on-demand marketplace. The peer-to-peer industry. Whatever you call it, the traditional notions of work are in the midst of a digital makeover, fashioned by a new ability and willingness to share just about anything. With mobile phone in hand, the process is seamless—an emerging ladder to entrepreneurship that's carving out a novel, collaborative economy.

Have a car? Become an Uber driver! Have a spare room? Become a hotel! Have a product to sell?

Become an Etsy seller!

No doubt about it: the ease and flexibility of this “gig-based” economy are challenging classic models of employment. More than 40 percent of the U.S. workforce—some 60 million people—will be contingent workers by 2020, states a recent Intuit survey, and freelance work now comprises nearly 18 percent of all jobs, according to Economic Modeling Specialists International. By cutting out the middle man—or at least diminishing its power—it represents “a fundamental challenge to the prevailing top-down consumption model,” writes Beth Buczynski in her book, *Sharing is Good: How to Save Money, Time and Resources Through Collaborative Consumption*.

In this new world, access is prized over ownership, and underutilized assets are put to use, often resulting in more efficient ways of living and working. Empowered by technology, companies like Airbnb, Uber, Lyft and a host of others are big business already—despite a host of legal and regulatory questions that remain to be addressed.

The New Hotel

Airbnb seemed like a safer bet than traditional landlording, Fuller says. “They take a lot of good safety measures.” The site’s “Verified ID” process, for instance, requires users to upload an image of a government-issued ID to their Airbnb account; link the account to another online profile, such as Facebook, Google or LinkedIn; upload a profile pic; and provide a valid phone number and email address. Completion of the process marks user profiles with a “Verified ID” badge, useful for deciding who to interact with on the site. Likewise, hosts can complete the process to placate the concerns of potential guests.

Peer reviews and Airbnb’s insurance plan are additional layers of relief, Fuller explains. As of January 2015, Airbnb provides coverage of up to \$1 million per incident for hosts in the U.S.—and if applicable, their landlords—if a guest is accidentally injured during a stay. It also covers hosts for certain third-party claims of property damage.

Sold on the concept, Fuller posted her first ad —“\$99 Urban Basement Apt Heart of Peoria”—in March. “This space is a freshly remodeled basement apartment of my four-story historic home... [It] is great as a transitional space when moving to Peoria and as a home away from home for a business trip, temporary work assignment or visit to your favorite Bradley student.” Her five-star rating is backed by reviews from previous guests who call her an “amazing,” “super accommodating,” “natural hostess”; and her place “comfy, private and spacious,” “just as described.”



The integrity of Airbnb’s peer review system helps drive its popularity for travelers seeking a flexible, cheaper alternative to traditional hotels. Likewise, the site’s hosting standards begin with *accuracy*. “Honesty matters,” it declares. “Make clear what isn’t available to guests—if you don’t have reliable hot water, say so. Let guests know if there are parts of the listing that are off-limits, like a shared backyard or the attic; provide detailed House Rules that address situations that will matter to your guests; be honest and candid about the unexpected factors that will impact your guest’s stay. If your neighbors just started a noisy construction project, your guests deserve to know.”

Such quirks can sometimes make for a unique kind of charm, but when honesty is lacking, the experience can quickly become rotten. And most certainly, there’s a formidable benefit to knowing exactly what you’re getting via a traditional hotel reservation, with amenities you can count on to make your stay comfortable. For many travelers, that promise of comfort will always be preferable to the potential downsides of Airbnb.

Fuller, for one, had never considered herself much of a host, but Airbnb solved that issue through endless tips on how to be a great host. “Just learning about it, I was like, ‘Oh! I can totally do this!’” she exclaims. “I love to travel... and I love meeting new people, so I was like, ‘This seems perfect!’”

And for many Airbnb travelers, the feeling is mutual. In large cities, Airbnb may

compete with hotels for tourist dollars, but in smaller ones, the guests are far from traditional. “We don’t have a ton of tourists in Peoria,” Fuller laughs. Rather, her guests are here for other reasons: a young professional moving to town to work at Cat, an air-traffic controller relocating to Peoria, a Chicago med student seeking a quiet retreat to study for an exam. With that in mind, it’s unclear whether Airbnb is battling hotels so much as building a shadow industry alongside it—providing unique lodging options for the alternative traveler. But Airbnb does offer a number of benefits over the traditional model, Fuller suggests.

“They can get an entire apartment, fully furnished, for \$99... and with amenities like breakfast,” she says. “I really try to think of all the little things... I’ll put out snacks and dishes, whatever they need.” She also offers connections, helping to orient guests to town—and she’s having a blast. “That’s one of my passions, being able to connect people to resources... The most fun part is—and you’ll see it in my profile—I say, ‘You will have a friend in Peoria.’”

Still, she had some reservations getting started; after all, she’s literally opening the doors of her home to total strangers. “At first, I was definitely a lot more nervous,” she admits. To ease her mind, Fuller always asks potential guests plenty of questions. “If I can’t get to the bottom of [their reason for being here] ... I won’t have them stay,” she notes.

In a recent *New York Times* column, Ron Lieber highlights that safety concerns reside equally with the Airbnb guest. “Airbnb, Uber and their ilk have managed to get people to refer to them as pioneers of something called the sharing economy, a neat trick given that they are in the business of renting out rooms and charging for rides. What they do share, however, is risk,” he writes, chronicling the horror story of a young man who was allegedly sexually assaulted by an Airbnb host during a stay in Madrid. The case has called into question the company’s safety protocols: How does it handle emergencies in action? What policies are in place to protect its users? And how do those rules differ from traditional hotels?

As the company forges new territory, just how much responsibility it is willing to assume for the safety of its customers is becoming a hotbed for discussion. And

it's not just Airbnb under fire.



The New Taxi

Dominating headlines over the last year, Uber—now valued at over \$50 billion— has been hounded similarly: for serious safety issues, convoluted insurance cases, and “employee vs. contractor” court rulings, among other concerns. And following unanimous approval by the City Council in June, the ride-sharing company is coming to Peoria. Under a new city ordinance, local transportation companies are also permitted to change their policies in an

industry that’s been heavily regulated for decades.

And therein lies the rub, suggests John Franks, president and CEO of Peoria Yellow Checker Cab. “The reason they put in the safety regulations they did... is because there was a need for it,” he declares. “[Under] common carrier status... you have to uphold the duty to protect your riders with a commercial level of insurance and... background checks, registrations, vehicle inspections, et cetera.”

In operation since 1928, Peoria Yellow Checker Cab offers taxis, limousines and other transport options, as well as courier business and freight services (under the name Taxi Cab Freight) throughout central Illinois. Having grown up in the industry, Franks bought the company from his father two years ago. “Uber coming to town isn’t the issue,” he clarifies. “The issue is that cities are changing the way they regulate taxi cabs and transportation.

“It’s unfortunate that it took an outside company to come in with what they claim is new technology... and that’s what it takes a city to make it easier for local [companies] to operate,” he adds. “My issue is with whether or not regulations going forward are going to be for the benefit of everyone.”

The Uber franchise is ostensibly built on a foundation of freedom: the freedom to choose when you will drive, where you will go and who you will pick up.

“Drive with Uber and earn great money as an independent contractor,” touts the website. “Be your own boss and get paid in fares for driving on your own schedule.” Just as Airbnb lowered the barriers to hosting, Uber makes driving a viable side job. You can use your own car, and with an easy-to-use mobile app, the passengers are abundant—and eager to claim what is often a cheaper ride.

But in reality, Franks says, the company is scarcely different from his own. Peoria Yellow Checker Cab has its own app, for one, which also allows users to order, track and pay for rides through their smartphones. “The idea that taxi companies are... somehow not keeping up with technology [is not true],” he says. “We have the same technology that you see in taxi cabs in New York City—exactly the same stuff. We are keeping up with the times.”

The reason Uber can sometimes offer lower fares, he suggests, is because they’re not providing common carrier insurance—another policy under recent scrutiny. They’ve also gained popularity by hiding behind the mantra that they’re “just part of this sharing community,” he says. “But they’re not *sharing* anything—they’re *selling*.

“They’re third-party drivers, selling rides,” he adds. “They do essentially the same thing we do, which is dispatch to vehicles... They’re running fares. They’re operating as a commercial vehicle.”

Amidst a flurry of regulatory battles—and the fiery opposition of French taxi drivers, who smashed cars and set tires on fire during a nationwide strike aimed at the ride-sharing company—Uber is shaking up the workforce in a myriad of ways. Earlier this summer, the California Labor Commission ruled that Uber drivers should be considered traditional employees, not independent contractors. And in September, a federal judge declared that three Uber drivers suing the company for employee benefits could sue as a group—a class action which could expand to cover more than 160,000 California drivers. Not only have these rulings placed Uber’s business model in jeopardy, they’ve sent ripples through numerous other industries, as a wave of similar-minded companies—Instacart (grocery delivery), Shyp (mobile shipping), Luxe Valet (on-demand parking) and Eden (in-home tech support), among others—have rushed to reclassify their own workers under W2 status.

Even as these businesses transform the very idea of employment, they are realizing that protecting their workforce is critical to their success. And as the broader labor market continues to shift from blue-collar to service jobs, some believe the need for a new classification of workers has become readily apparent. Canada, Sweden and Germany, for example, have enshrined the concept of the “dependent contractor”—something in between full-time employee and independent-contractor—in their legal and regulatory frameworks, but to date, there’s been little push for a similar classification in the United States. That may change quickly, however, as more attention is focused on the shortcomings of this new economy.

The New Boutique

“Whereas in the past, sharing or cooperative behaviors have been best executed within limited communities, the boom in mobile technologies and social networking... makes it possible to scale up the system,” writes Buczynski in *Sharing is Good*. Etsy, the online marketplace for handmade goods and other unique items, may just epitomize that scaled-up system.

Now 10 years old, Etsy offers a more mature business model, and though it hasn’t proven as disruptive as Uber or Airbnb, it advances an analogous storyline. “Without Etsy, many craftspeople would be relegated to selling through local and offline channels,” writes Andrew Geant in a recent post on Entrepreneur.com (Entrepreneur.com). “Few would have the means to participate in online commerce and may be unable to sustain an independent business.”

Etsy maintains that creative entrepreneurs are its “heart and soul”—those who use the site to sell what they make or curate, often as their primary sales channel. Without Etsy, their products might not come to market, and by globalizing the marketplace, the site has become integral to many artisans. With Etsy, it’s not just possible to be a part-time artist, it’s easy.

Ellen Hanks of East Peoria has always had a “passion for creating.” But after graduating from college and entering the working world, “I felt like that part of my life had taken a backseat to other things,” she says. “I still made art occasionally for myself, friends and family, but I wanted to do more.” She first

heard about Etsy from a friend who had started a shop, and soon realized it could be the perfect outlet to satisfy her creative needs and reach a broader audience with her products—a mix of handmade and vintage accouterments sold under the label “Mods & Ends.”

“I’ve tried selling at various events and fairs over the years,” she explains, “which is great for spreading the word... locally, but having a shop on Etsy can help connect you to the world.”

The product was the easy part. She knew she’d have to ramp up production, but she already had the concepts—more difficult were the pricing, bookkeeping and other “nuts and bolts” of business. To that end, Etsy offers solutions to make the challenges of running a small boutique eminently feasible. “You can view your shop stats for any given time period... or any particular listing,” Hanks says, detailing the site’s amenities, which include apps for both buyers and sellers. The seller app allows for the quick renewal of items for sale and “keeps an eye on my shop while I’m on the go.”

Like Uber and Airbnb, Etsy offers freedom in an industry in which autonomy is notoriously difficult to achieve. For many, the costs of opening a brick-and-mortar boutique are prohibitive; there’s rent, utilities, insurance, accounting, IT, POS systems, merchant fees, marketing, signage, supplies and inventory, for starters. But with Etsy, starting up a shop is basically free. Each listing costs 20 cents to publish, with a modest transaction fee charged upon sale. Etsy handles everything else, freeing artists to spend more time on their art—an outcome not unlike Uber’s mantra that its drivers have “maximum flexibility” over their most important asset: time.

“I can work on my shop when I have time, without pressure,” Hanks explains. “If I want to go on hiatus for a while, I can. If I want to add hundreds of new items in a month, I can. If I want to have a sale or run a promotion, I can.” And gaining that freedom is the best part, she attests.

A Road of Uncertainty

And so, enabled by technology, the on-demand economy is lowering the barriers of entry into certain industries, and increasing the accessibility of goods and

services that were historically restricted by regulation, price, awareness and other factors. By allowing users to access their existing infrastructure, companies like Uber and Airbnb are making a quasi-form of entrepreneurship suddenly feasible—unlocking value, increasing efficiencies and lowering the cost of living.

But despite all the talk of freedom and flexibility, there are unmistakable downsides for this cadre of workers. From income to benefits to job security, the new economy injects far more uncertainty into the workplace, reinforcing a trend that's been ongoing for decades. Alongside a frayed social safety net, there are security concerns and legal uncertainties—new levels of risk for workers to absorb. In addition, the disruption of long-established industries portends future turbulence in a range of areas, as broad societal shifts create winners and losers in a freewheeling marketplace.

These concerns were highlighted in a recent survey of 1,300 contractors for on-demand businesses, conducted by researchers affiliated with Stanford University. More often than not, respondents said their hours were longer than advertised, the pay lower than promised, and there was additional confusion over taxes and contractual obligations. The majority said they planned to stop working for these companies over the next year. Still, more than half of millennials have used services like Uber or Airbnb, according to another recent study, and believe they will only become more popular with time. As more and more businesses apply the Uber formula to other industries, the so-called “Uberization” of work is well underway.

So how do you maintain stability in the workforce while welcoming these entrepreneurial innovations? What are the limitations of this new economy, and how will it integrate into the one we know and understand? And which industries will be disrupted next? Just like the code beneath the apps and the legal framework upon which it sits, the answers are still being written. **iBi**

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