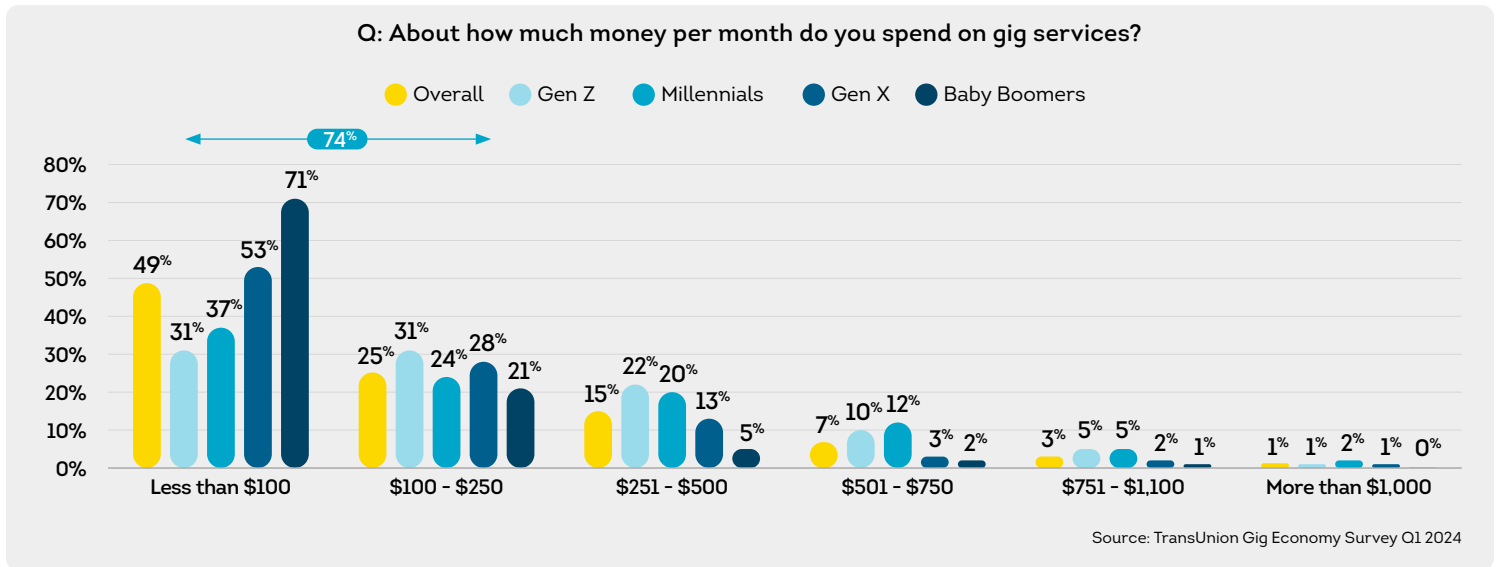


Spring 2024

US Gig Economy Report

Convenience drives consumers' willingness to spend on gig services

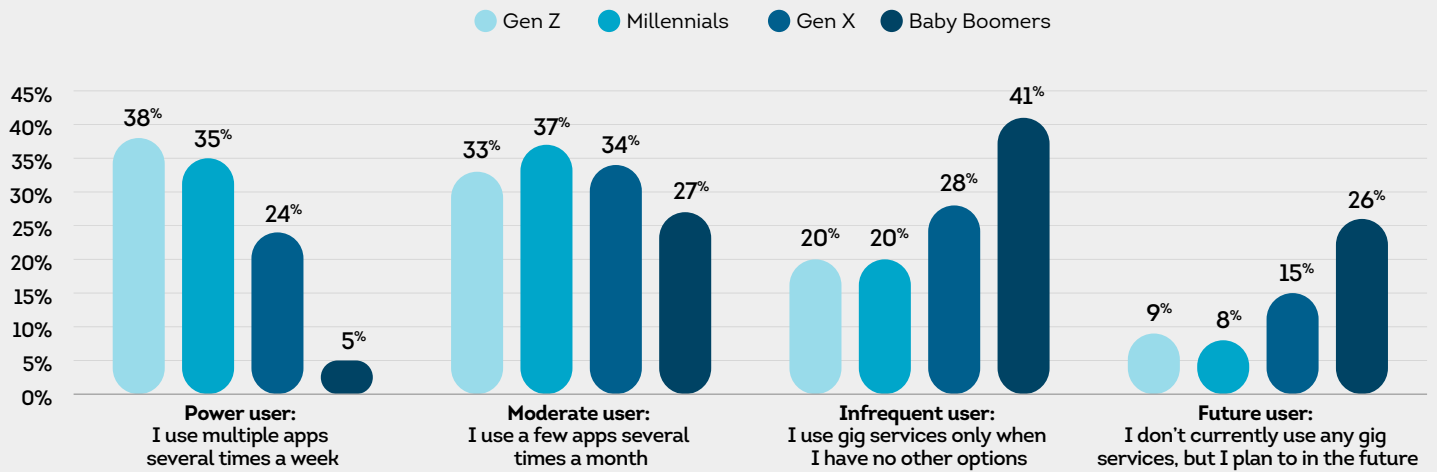
US consumer spending remained resilient despite continued inflation, high interest rates and below average consumer sentiments. However, within the gig economy, 74% of consumers (up from 64% in the second quarter of last year) reported spending less than \$250 per month on gig services. And while spending on gig services fell across all generations, demand remained strongest among younger cohorts. Millennials and Gen Z were the top spenders with about a third (32%) of both groups reporting they spent between \$250 and \$750 per month on gig services. Demand softened the most among Baby Boomers; 71% reported spending less than \$100 per month on gig services, up from 54% in Q2 of last year. As more Baby Boomers exit the workforce and transition to retirement, demand for gig services is likely to remain low among this generation.¹



In line with their spending, younger cohorts were much more likely to identify themselves as power users – those who use multiple apps several times a week. Over a third (35%) of Millennials and Gen Z (38%) consumers consider themselves power users compared to only 24% of Gen X and 5% of Baby Boomer consumers. Among those who considered themselves moderate users (those who use a few apps several times a month), the distribution was more even among generations. Unsurprisingly, Baby Boomers were overrepresented among those who identified themselves as infrequent users or future users of gig services.

¹ America is hitting "peak 65" in 2024 as record number of boomers reach retirement age. Here's what to know - CBS News

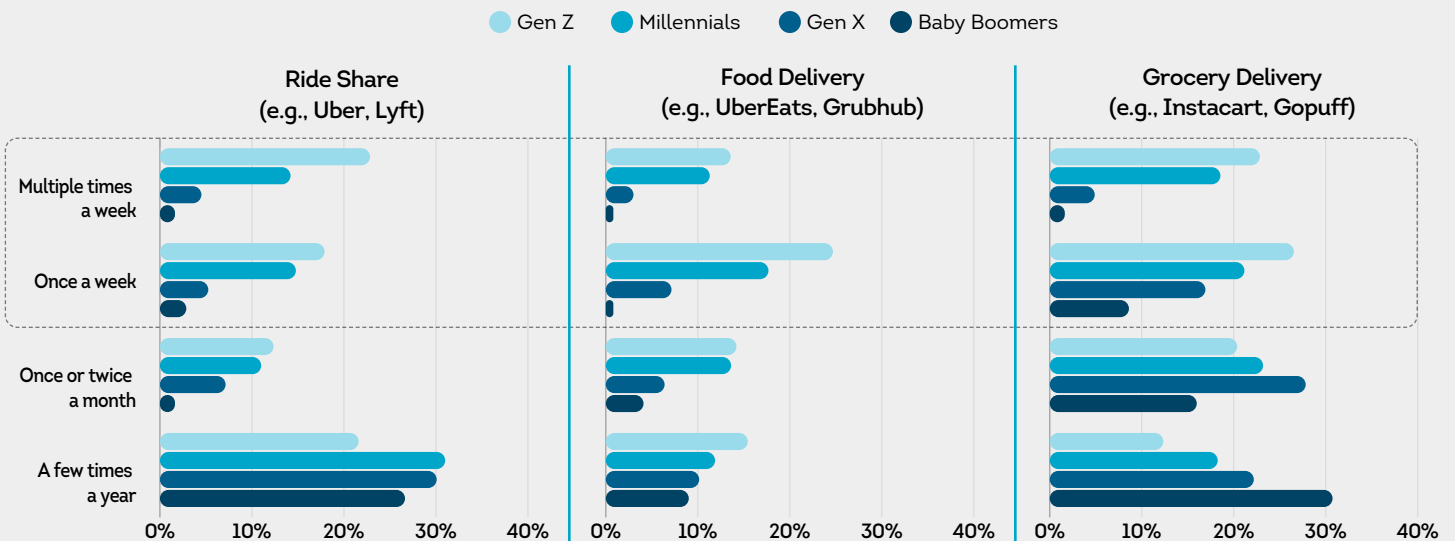
Q: Which of the following best describes your overall use of gig services (e.g., Uber, Grubhub, Upwork, etc.)?



Source: TransUnion Gig Economy Survey Q1 2024

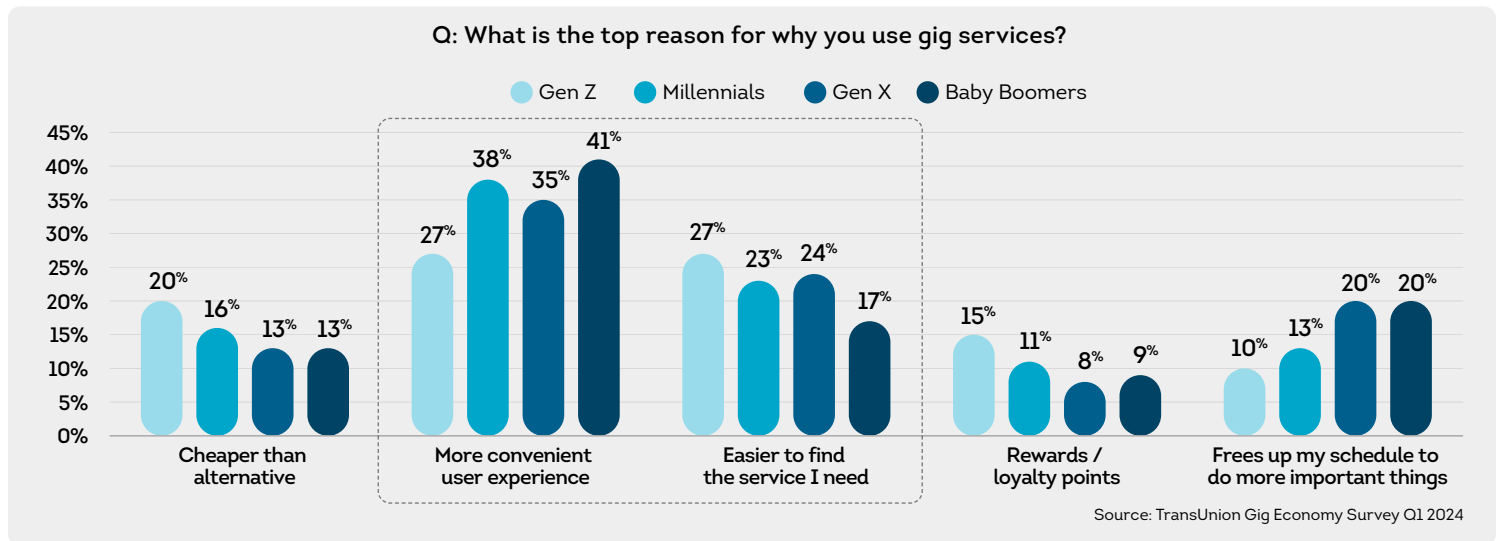
Though older generations typically used gig services on a less frequent or as needed basis, there were notable differences when looking at the types of services used. For example, although Millennials and Gen Z customers were much more likely than older generations to use rideshare and food delivery services once or multiple times a week, all generational cohorts reported using grocery delivery services more frequently than other gig services. In fact, 10% of Baby Boomers, 22% of Gen X, 40% of Millennials and 50% of Gen Z said they used a grocery delivery service at least once a week. For Baby Boomers and Gen X customers, this was more than double the usage rate of rideshare (the next most popular service), while for Millennials and Gen Z, it was nearly 10 percentage points higher.

Q: How frequently do you use the following ride share or delivery gig services?

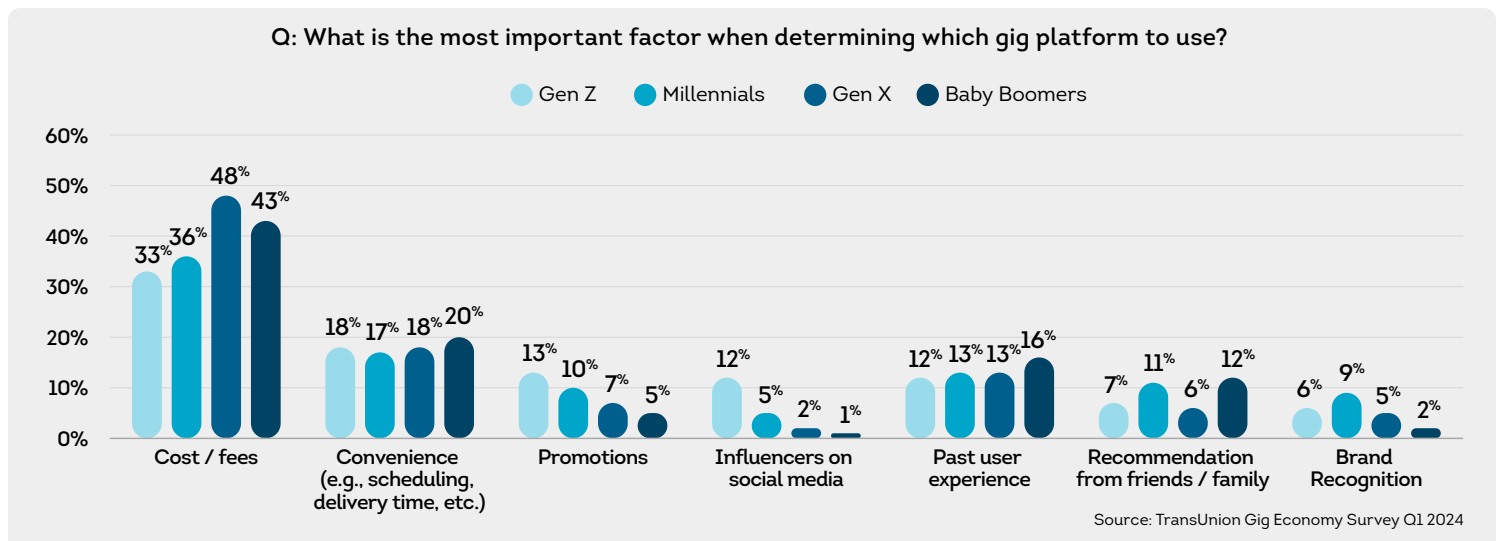


Source: TransUnion Gig Economy Survey Q1 2024

Convenience was at the heart of the demand for gig services. Across all generations, having a more convenient user experience was most frequently listed as the top reason for choosing to use a gig service. Ease of finding the service they needed was ranked second, while cost or being cheaper than the alternative came in third for all generations. Loyalty points were more popular among Gen Z consumers, though they were rated as less important overall. Even in the face of high prices, consumers continue to be willing to pay a premium to use gig services for their ease and convenience. Enhancing their user experiences and offering new benefits to their customers may allow gig platform providers to continue commanding a premium for their services while still satisfying users.



Though most consumers rated convenience factors higher than cost when deciding to use a gig service, cost became the key component when determining which platform to use. Competition within the gig economy is strong enough to where many consumers, especially power users, will have multiple apps for each service they're looking to take advantage of. What's more, as most gig platforms are well established, factors like brand recognition or even past user experience are diminishing as important selection criteria. Cost and especially fees were top of mind for consumers of all generations but especially important to older cohorts. Convenience factors, such as scheduling and delivery or pickup times, were rated as the most important factor when determining which platform to use for about a fifth of users in each generation.



Overall, consumers remained healthy and willing to spend. With the strong job market and wage growth now surpassing inflation, demand for gig services should stay elevated, especially among younger generations. Though consumers are looking for convenience when choosing gig services over doing things the traditional way, many are still cost conscious when determining which platform to use. Focusing on convenience, user experience and providing additional benefits like loyalty points may help platforms win at the margins; however, improving efficiency and maintaining cost competitiveness will help them expand market share. Leveraging data to speed up worker onboarding, and improving marketing efficiency to identify the next crop of big spenders can help gig platforms achieve profitable growth.

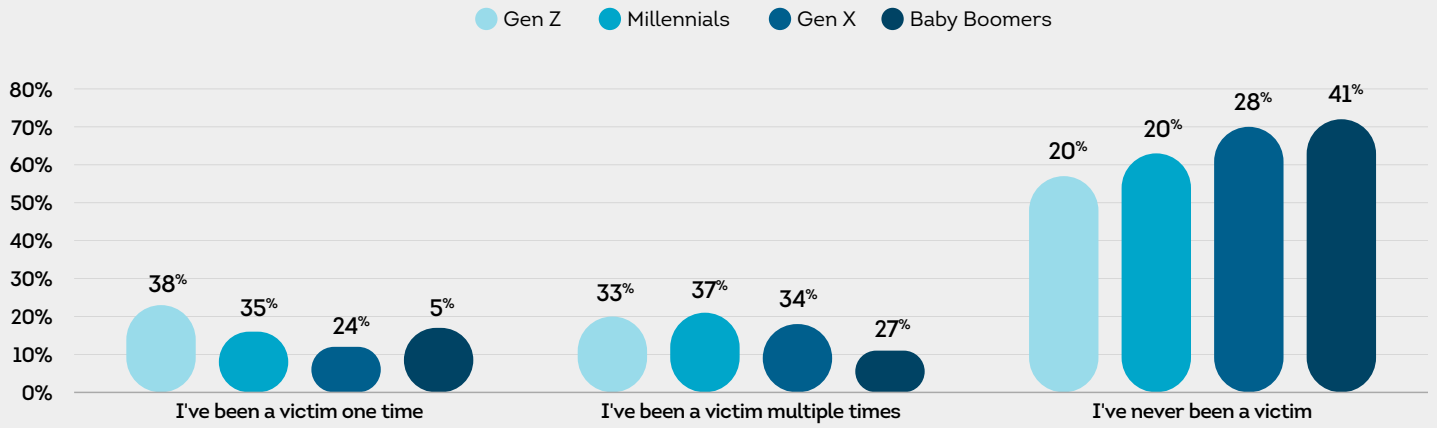
FRAUD AND SCAMS ARE A GROWING PROBLEM ON GIG PLATFORMS

Fraudsters and scammers were very active on gig platforms: 34% of consumers said they've been a victim of fraud or a scam while using one. This was up from 28% in 2023. Among those who've been victimized, 16% said they've fallen victim once and 18% reported being victimized multiple times. Further, 22% of respondents said they know someone who's been a victim. Despite the high victimization rate, less than half of consumers said they were somewhat (28%) or very (14%) concerned about fraud or identity theft when using a gig platform.



Millennials at 37% and Gen Z at 43% were most likely to fall victim (once or multiple times) to fraud or a scam while using a gig platform. While the higher rates among younger cohorts can likely be attributed to higher usage of the platforms, there was an interesting divergence between Gen Z and Millennials when looking at one time vs. multi-victim fraud rates. Gen Z had a higher percentage of one-time victims, but the rate dropped for those victimized multiple times, potentially suggesting better adaptation or heightened awareness among those who fall victim one time. The trend was the opposite for Millennials who reported higher instances of those who fell victim to multiple fraud attempts compared to those who were only victimized once.

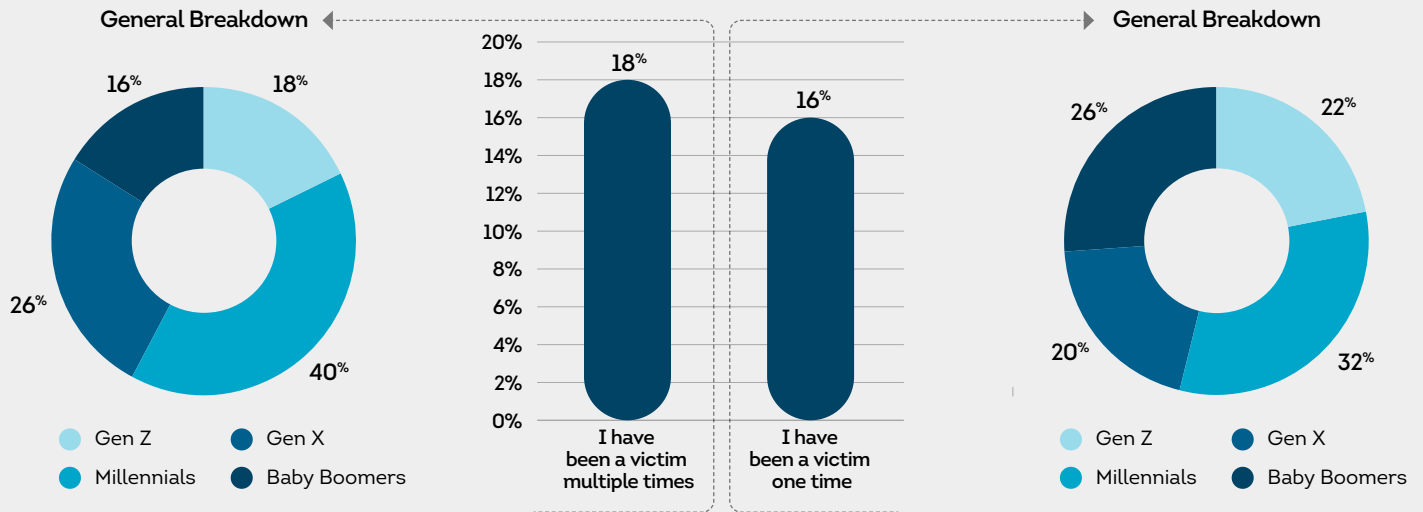
Q: Have you been a victim of fraud or a scam while using a gig platform, by generation?



Source: TransUnion Gig Economy Survey Q1 2024

What's more, Millennials made up nearly a third (32%) of consumers who were victimized once – while comprising 40% of those who fell victim multiple times. Gen X consumers had the next highest share (26%) of those who were a repeat victim. Here again, Gen Z consumers diverged from their Millennial counterparts – making up 22% of single fraud victims and only 18% of multi-fraud victims. While Millennials were among the most frequent users of gig platforms, their high share of fraud victims relative to other cohorts is concerning.

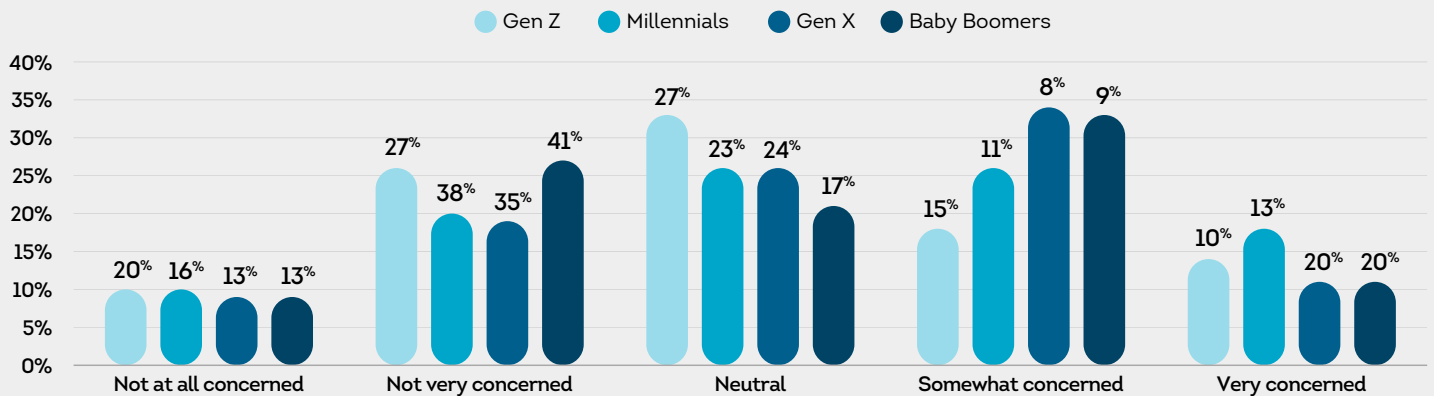
Q: Have you been a victim of fraud or a scam while using a gig platform, by generation?



Source: TransUnion Gig Economy Survey Q1 2024

Perhaps more troubling, concerns about fraud and identity theft among Millennials were relatively low given their high victim share. The low level of concern could potentially be leading to a lower level of vigilance among Millennials and thus a higher share of repeat victims; however, Gen Z had even lower levels of concern without the resulting high victim share. Fraudsters may be disproportionately targeting Millennial consumers due to other cross-factors like having higher incomes. Investing in fraud prevention tools and consumer education would benefit gig platforms in order to maintain customer satisfaction and loyalty.

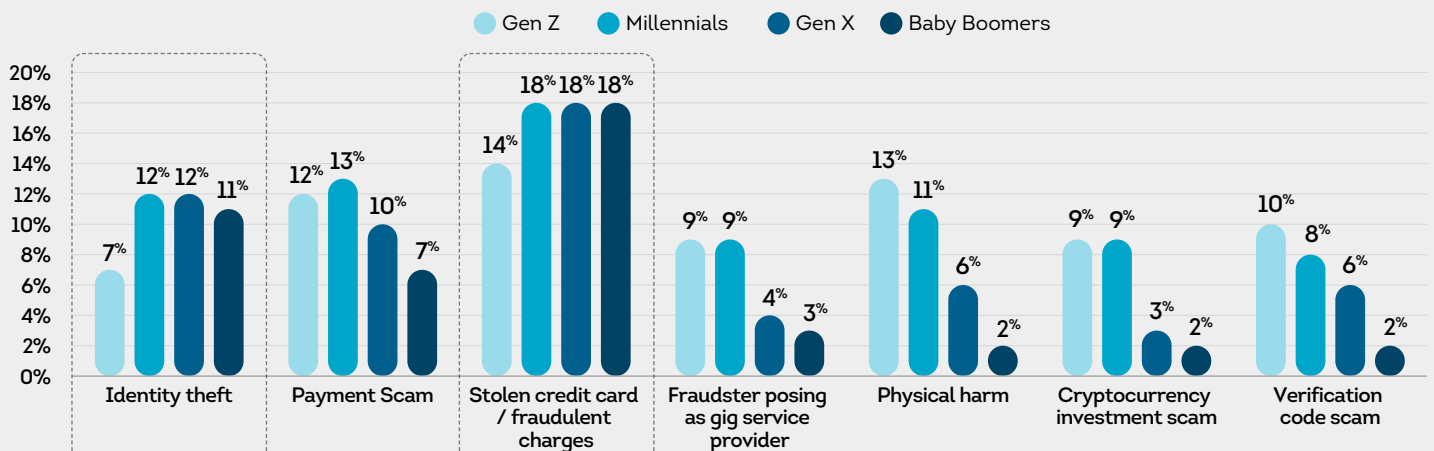
Q: How would you rate your level of concern with being a victim of fraud or identity theft when you use gig services?



Source: TransUnion Gig Economy Survey Q1 2024

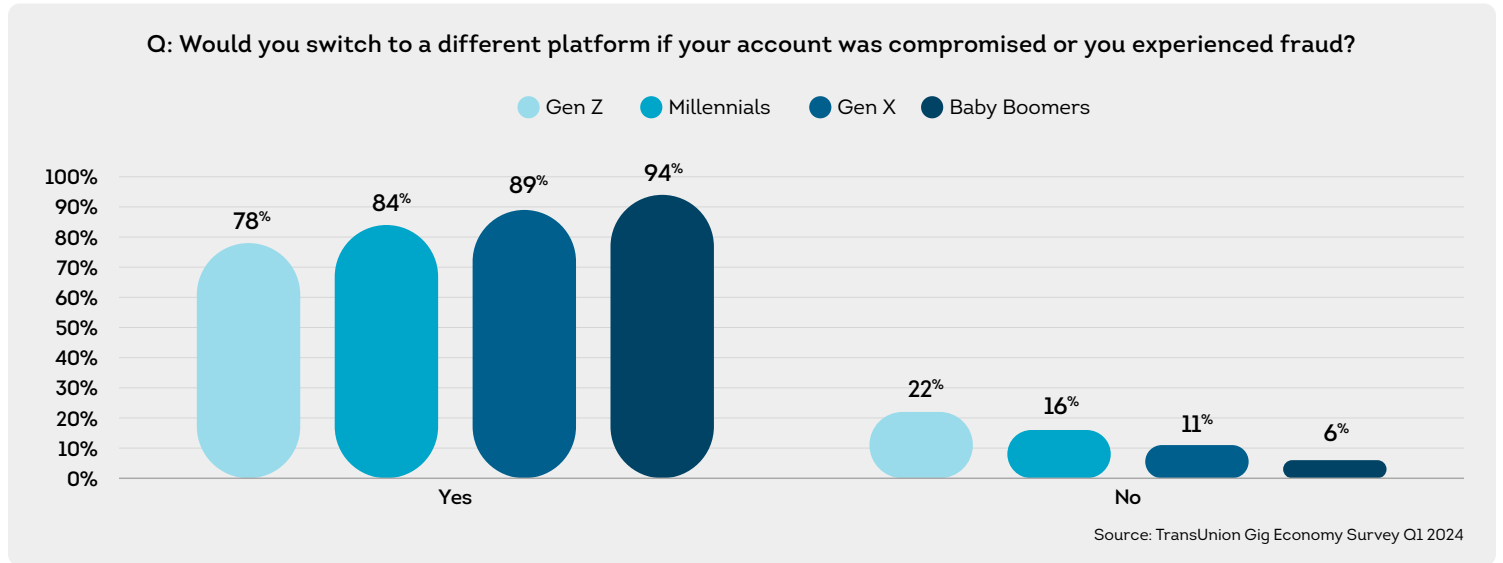
Users of gig platforms face a variety of attacks and can fall victim to fraud or scams despite their best efforts to combat it. Identity theft and payment-related fraud – either through inducing scam payments or via stolen credit cards – remained the most prevalent types of fraud on gig platforms. While fraudsters appear to be taking advantage of trends, such as cryptocurrency, that type of fraud appears to be more isolated among younger consumers. Younger cohorts were also much more likely to report cases of physical harm. Focusing on protecting customer identity as well as enabling safe and secure payments will go a long way toward ensuring peace of mind among customers.

Q: For which types of fraud have you been a victim?

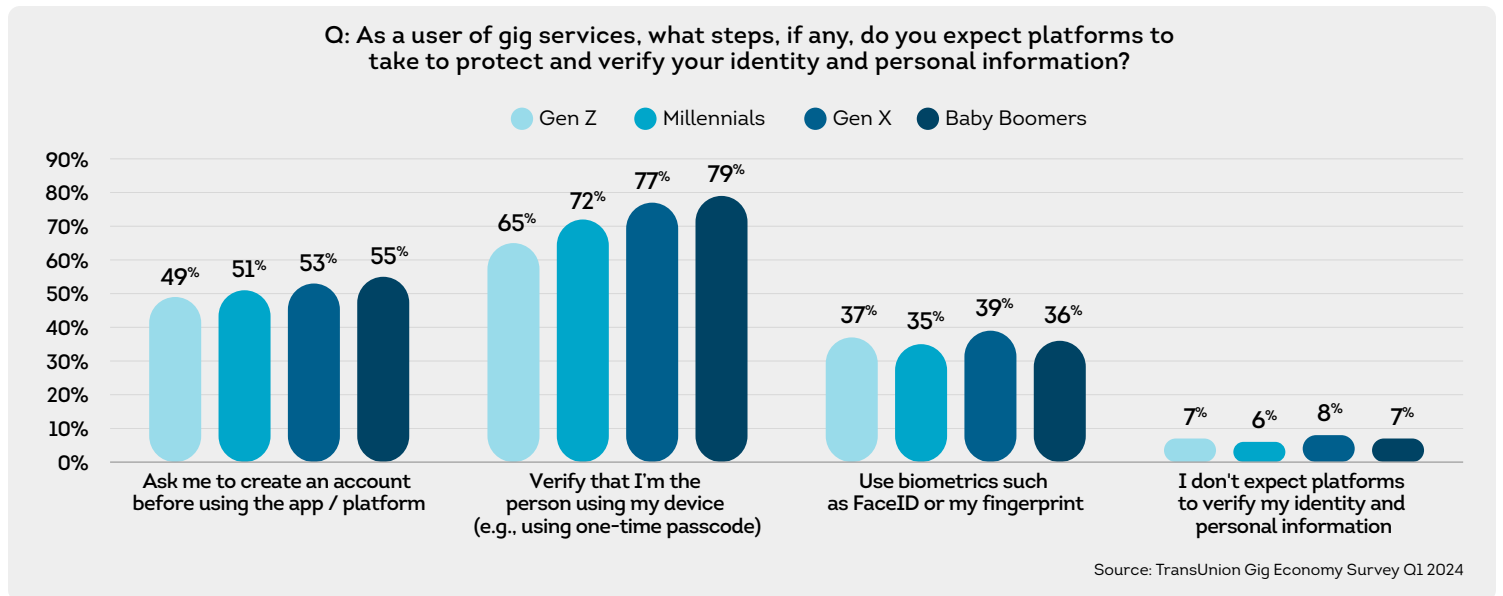


Source: TransUnion Gig Economy Survey Q1 2024

As we saw earlier, consumers have choices when it comes to using gig services, and falling victim to fraud or a scam on a platform can break customer trust. Across all cohorts more than 75% of consumers indicated they'd be willing to switch to a different platform if their accounts were compromised or they experienced fraud. Gig platforms should take this threat seriously and invest in protecting their customers from an increasingly sophisticated set of bad actors.

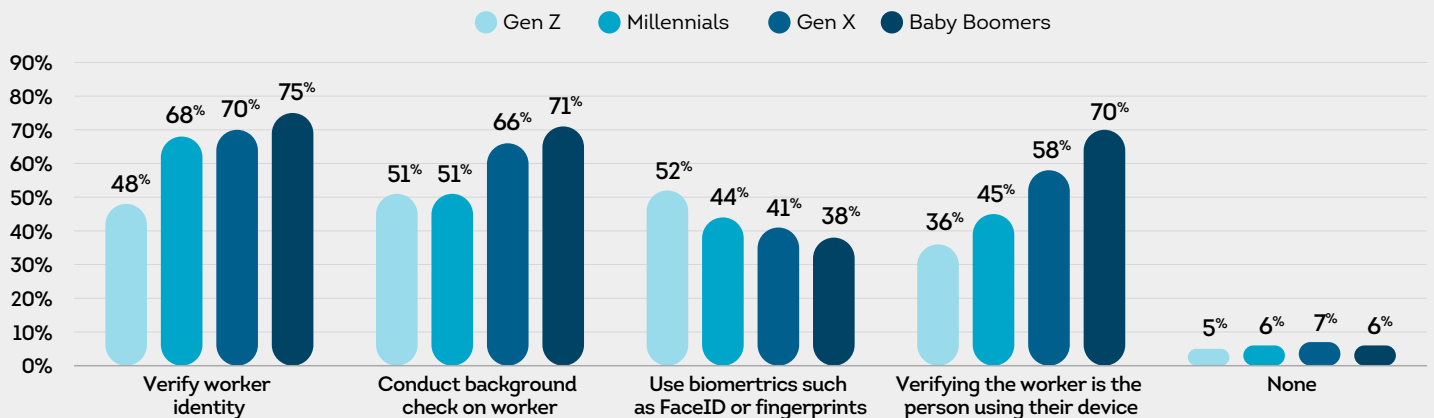


Consumers in the gig economy expect platforms to take proactive measures to safeguard them against fraud and identity theft. However, a notable disparity exists between what consumers expect for themselves and what they anticipate gig workers should undergo, with a heavier burden falling on workers. Roughly half of consumers across generations preferred to be asked to create an account before using the service, while more than two thirds of each generational cohort preferred to receive a one-time passcode to verify their identities.



When it comes to workers, older generations were much more likely to say workers should go through an initial identity verification and background check, as well as verify their identities before using their devices to work. What was most interesting was the shift toward biometric verification (such as facial recognition or fingerprint scanning) among younger cohorts: 52% of Gen Z consumers said gig platforms should use biometric verification on their workers, while only 37% said the same should be true for consumers. This preference was shared by Millennial consumers as well, though the gap was narrower with 44% preferring biometric verification for workers compared to 35% for consumers. While older cohorts did not share this preference, gig platforms may need to implement stronger identity verification for workers to satisfy younger consumers who use their services at much higher rates.

Q: How would you rate your level of concern with being a victim of fraud or identity theft when you use gig services?



Source: TransUnion Gig Economy Survey Q1 2024

CONCLUSION

While overall spending on gig services has dipped compared to last year, demand remained strong – especially among younger cohorts who continue to use a wide range of services and platforms. Convenience remained the key driver for using gig services over something more traditional; however, when consumers were deciding which platform to use, cost and fees were by far the most important factor. For platform providers, that means maintaining cost competitiveness by increasing operational efficiency and getting the most out of their marketing spend to find the next set of power users.

Even with the slight slowdown in usage, fraudulent activity has increased. The percentage of consumers who reported falling victim to a fraud or scam while using a gig platform increased year over year from 28% to 34%. Identity theft and fraudulent payment scams were the most frequent types of fraud; however, attacks are becoming more sophisticated and wide ranging. As more than 75% of consumers said they'd switch providers or stop using an app if they were victimized by fraud, it's critical gig platforms deploy solutions that offer protection for their customers and workers. As gig services continue to increase in importance, they'll need to ensure safe and secure user experiences for their customer base.

RESEARCH METHODOLOGY

This online survey of 1,028 adults was conducted in February 2024, by TransUnion in partnership with third-party research provider, Toluna. Survey participants included adults 18 years of age and older residing in the United States - who participate in the gig economy as a consumer of gig services. Participants included current and future users of gig economy services. The survey was conducted using an online research panel method across a combination of desktop, mobile, and tablet devices. Survey questions were administered in English. All U.S. regions are represented in the study survey responses. To ensure general population sample representativeness across United States resident demographics, the survey targeted respondents in line with the census statistics on the dimensions of age, household income, and region. Generations are defined as follows: Gen Z, born 1997- 2005; Millennials, born 1981-1996; Gen X, born 1965-1980; Baby Boomers, born 1946-1964; and Silent, born 1928-1945. These research results are unweighted and statistically significant at a 95% confidence level within ± 3 percentage points based on calculated error margin. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

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