



*Economy/Jobs*

# HUSTLING IN THE NEW ECONOMY

**During the third quarter of 2020**, the freelance/gig marketplace Fiverr reported a 48 percent year-over-year increase in the number of U.S. freelancers registering on its website. That people have been attempting to find freelance or gig economy work during the pandemic is not surprising given that, as of October 2020, the number of U.S. jobs overall had declined 6.6 percent from pre-pandemic levels. However, Fiverr’s measure of freelance and gig work tells only part of the story of how an increasing number of people are seeking alternate means to earn money in what we have called the New Economy. On StockX, the secondary marketplace for sneakers, apparel and other coveted items, “Business is better than ever,” according to Joe West, a 19-year-old college dropout who has been reselling since he was 15; and indeed, this past May and June were the biggest months ever for sales on the site. Hustling, or working outside the traditional labor market, to earn a primary or secondary income by selling on marketplaces, by becoming a creator or by making money from money, either via the stock market or gambling, have increasingly become popular ways of earning extra money in the New Economy. The global pandemic and what we have called the resulting Economic Pandemic have made hustling more widespread, but it is the New Economy that made it necessary (**inThought, 5/13/20**) (*Complex, 7/13/20; Morning Brew, 1/11/21*).

## INFERENCES

- The New Economy, along with the Economic Pandemic, is forcing individuals to find new ways of earning money. This necessity will outlast the pandemic.
- Individuals are increasingly utilizing available digital platforms to sell goods (new and used), services and content.
- The number of individuals using online platforms for investing and gambling is growing.

## IMPLICATIONS

- Digital platforms that allow individuals to earn money benefit.
- Secondary marketplaces continue to grow.
- A glut of secondhand goods for sale and new content options could drive down earning potential.
- U.S. online gambling continues to grow, benefitting the sites that facilitate it and the state governments that allow it.
- The number of person-to-person digital payments for goods or services will grow.
- Platforms will increasingly need to facilitate “tipping” or other ways for content creators to be compensated, or they will lose out to those platforms that do.
- Distortions in traditional economic metrics are likely to grow as a result of this economic class.

## The New Economy

When we introduced the idea of a New Economy in 2015, we outlined how the old economy was no longer working well, and new processes and structures were surfacing to give form to the latest economic iteration. As part of the New Economy, companies are focused on continually reducing costs, rampaging efficiencies, exploiting technology and a globalized workforce to generate the shareholder and bottom-line returns they seek. We outlined how companies had managed such a reality by (1) “flooding the job market with job seekers,” by bringing the world’s workers into the U.S. economy (at lower salaries) via outsourcing and special visas to facilitate immigration; (2) “expanding the automation of jobs across wider and wider swaths of the economy and at higher and higher levels of sophistication,” with everything from Wall Street traders to anesthesiologists being displaced by software or machinery; and (3) “breaking apart ‘jobs’ to make ‘tasks’ and devolving ‘careers’ down to ‘projects,’” making on-demand (gig) and part-time employees more and more common. We concluded that “today’s New Economy favors fewer and fewer employees (for businesses) and smaller and smaller benefits and rewards to spread around (for the economy).” As a result of these kinds of changes, a destabilized employment market and an unsteady economy have emerged (**IF 3611** and **IF 3810**).



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decided to sell items via online secondhand marketplaces and auctions to earn income. As the pandemic started in March, keeping a large portion of the U.S. public at home, resale apparel marketplace ThredUp saw a 50 percent increase in people selling items on its platform. Similarly, since mid-March, secondhand marketplace Poshmark has seen a 50 percent increase in new sellers. During the third quarter, the previously mentioned StockX saw an average of 25 million global visitors a month, and by the end of that quarter, the marketplace surpassed 13 million lifetime “trades” (StockX’s metric of transactions between buyers and sellers), 50 percent of which were in the prior 12 months. (*Forbes*, 6/23/20; *TechCrunch*, 12/16/20)

While the apparel and sneaker marketplaces grew significantly during the pandemic, the market for other collectibles grew as well. Between March and May, sales of basketball cards on eBay increased 130 percent over the same period in 2019, while sales of baseball cards on eBay increased more than 50 percent. “It’s out of control right now. I’ve been involved with this for 30 years and I’ve never seen it like this,” said William Harkless, promoter of a monthly sports card show, referring to boxes of baseball cards that normally retail for \$150 selling on secondary marketplaces for \$850 per box. (*News5Cleveland*, 8/28/20; *Marketplace*, 11/11/20; *Seacoastonline*, 12/5/20)

## The Creator Hustle

Similar to the secondhand marketplaces and auction sites, Etsy was well positioned to benefit from people at home looking for a primary or secondary source of income. In April, Etsy had twice as many new shops open as it did the prior April, and by the end of the third quarter, the total value of goods sold on Etsy, excluding masks, was up 93 percent over the same period a year earlier. Other individuals, instead of selling goods, used digital platforms to sell their services. Jade Sykes, an astrologer, has 100,000 followers on social media channels and now 3,820 subscribers paying her \$9.98 per month after she

## The Resale Hustle

Given the evolving destabilization of employment and labor market, plus a global Economic Pandemic adding stress to employment, what are individuals to do? Many individuals who were homebound because of COVID-19

started offering services via Patreon, which artists and others use to offer exclusive content to more than 6 million “patrons” in more than 180 countries. Between mid-March and the beginning of May, more than 70,000 new creators launched their businesses on Patreon. During that six-week period, Patreon had a 150 percent increase in the number of musicians creating offerings and a 57 percent increase in the number of new video creators with offerings.

Additionally, between mid-March and May, more than 2,000 local businesses were launched on the platform. As of the end of May, Patreon reported a 65 percent month-over-month increase in the amount that creators were earning on the site. Independent video game creators also found a way to make money last year via Roblox’s gaming platform. During the year, nearly one million creators earned Roblox’s in-game currency, “Robux,” with their game creations, and more than a thousand made more than \$10,000 real dollars. (*Music Business Worldwide*, 5/1/20; *Marketplace*, 5/8/20; *New York Times*, 12/8/20; *No Mercy, No Malice*, 12/11/20; *Axios*, 12/15/20; *Business Insider*, 12/26/20)

Other creators, instead of selling goods or services, decided to use available platforms to sell their thoughts, ideas and even themselves. Some writers moved to the Substack platform, which hosts thousands of newsletters and has more than 250,000 paid subscribers. Other creators started on OnlyFans, which allows people to charge users for access to video and photos of themselves as well as personalized communications. As of December, OnlyFans had more than 90 million users and more than one million content creators, up from 120,000 in 2019. As of December, the platform was on pace to distribute \$2 billion to its creators. Twitch, which is mostly used by gamers, doubled the number of streamers on its platform during the pandemic. Other platforms are figuring out new ways to help their content creators make money. In addition to potentially earning from sponsorships, ads and merchandise, Twitch created an option for its creators to profit from their channels via shared revenue from “Bits,” a virtual currency system that fans can buy to “cheer”



on their favorite gamers. Similarly, in October, Instagram announced it was broadening a test of its own tipping feature, made to allow more than 50,000 smaller influencers to earn money from live streams. Instagram’s “Badges” feature lets users tip influencers during a stream on Instagram Live. (*Business Insider*, 10/22/20; *The Hustle*, 12/1/20; *Axios*, 12/15/20; *New York Times*, 1/13/21)

## The Day Trading and Gambling Hustle

For those who had nothing to resell and nothing to create, there were other options to hustle for money in 2020, including investing and gambling. More than 10 million new brokerage accounts were opened in 2020, according to JMP Securities, and in the first four months of 2020, investing platform Robinhood brought in a record three million new users. Many of those users were not there to utilize buy-and-hold long-term investing strategies but rather to day-trade. On peak trading days last year, individual traders are estimated to have accounted for nearly 25 percent of U.S. trading activity, Citadel Securities estimates. Between January and March, Robinhood users traded nine times as many shares as E-Trade customers, and 40 times as many shares as Charles Schwab customers, per dollar, in the average customer account. Robinhood’s users, whose average age is 31, also bought and sold 88 times as many risky options contracts as Schwab customers, relative to the average account size. As the year progressed and stimulus checks from the CARES Act were distributed, Robinhood claims that it saw deposits into users’ accounts that were “equal to or multiples of the stimulus checks,” as young Americans looked to leverage the government payments they received during the Economic Pandemic. (*Pymnts*, 10/27/20; *New York Times*, 12/17/20; *Wall Street Journal*, 1/14/21)

Others looking for a faster return on their money turned to the legalized online gambling market, and many were new to that “hustle.” In its most recent earnings

report, online gambling operator DraftKings said that the number of unique monthly payers for its business-to-consumer (B2C) operation increased 64 percent, when compared to the third quarter in 2019. In the U.S., through the end of the third quarter, igaming revenues were a little over \$1 billion, up more than 205 percent from the same quarter in 2019. The number of individuals able to earn (or lose) money via gambling is likely to increase as the New Economy continues. In addition, new avenues of online legal gambling are likely to open up as more states, such as New York, decide that gambling revenues are a potential way to bridge budget gaps stemming from the COVID-19 pandemic. (Pymnts, 1/6/21)

The New Economy facilitated and made necessary the growth of freelance and gig work and now, along with the Economic Pandemic, is facilitating the rise of a hustling class. Even when the pandemic passes, the need to hustle will remain for many individuals because the New Economy, which started before the pandemic, is unlikely to change. The rise of the gig economy benefitted freelance platforms (e.g., Fiverr), sites that offer easy website creation (e.g., Wix, Squarespace) and the companies utilizing those gig workers (e.g., Uber, Instacart, DoorDash), among others. The beneficiaries of the hustle will be the digital platforms that allow people to earn a primary or secondary income at home, whether by trading (e.g., Robinhood), gambling (e.g., DraftKings) or selling goods (e.g., Poshmark, ThredUp), offering services (e.g., Patreon), providing content (e.g., Substack, Roblox) or exposing themselves (e.g., OnlyFans). A new entrepreneurial class and economic force has gained traction in the past ten months and it is likely to grow from here.



***“Frank said if he ever won a lot of money  
from online gambling, he wouldn’t change.  
He lied.”***