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Consumer Morsel

Does a little bit of gig go a long way?

14 November 2024

Key takeaways

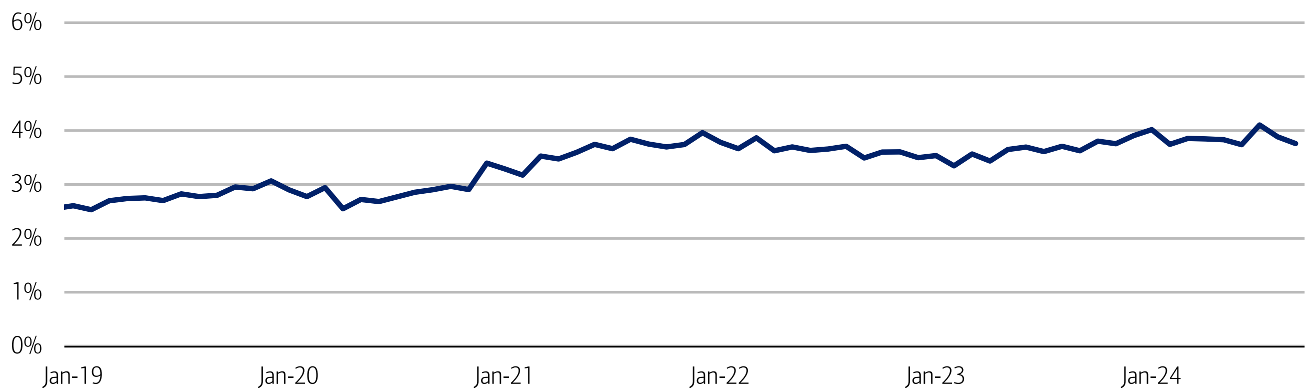
- According to Bank of America internal deposit account data, the share of customers receiving gig income has been stable over the past year. Gig work is growing in ridesharing and social commerce, while food delivery is decreasing slightly and vacation rentals remain stable.
- The proportion of Bank of America customers that are content creators has decreased year-over-year (YoY). Additionally, their average incomes remain low, only 20% of the typical full-time US employee earnings, according to data from Bank of America and the Bureau of Labor Statistics (BLS). This suggests that it's rare to earn a full-time wage in content creation - let alone get rich.
- Widespread reports of people working multiple gigs may be exaggerated. Bank of America internal data suggests that most gig workers only worked a single gig for 1-3 months over the past year, likely to supplement spending. In fact, median necessity spending was 5% higher for customers with gig income in September 2024, while median discretionary spending was 23% higher.

After some choppy seas, steady as gig goes

Compared to pre-pandemic levels, the percentage share of Bank of America deposit customers receiving gig income from digital platforms has grown to 3.8% in September of 2024 from 2.8% in September 2019. However, gig employment has been fairly stable and relatively small over the past few years (Exhibit 1).

Exhibit 1: The percentage share of Bank of America customers receiving income from gig platforms was 3.8% in September 2024, and has been stable over the past year

Percentage share of Bank of America deposit customers receiving gig* income (3-month moving average, %)



Source: Bank of America internal data *For the purpose of our analysis gig work exists outside of a typical employer-employee relationship, where the work is procured digitally and often temporary or project-based

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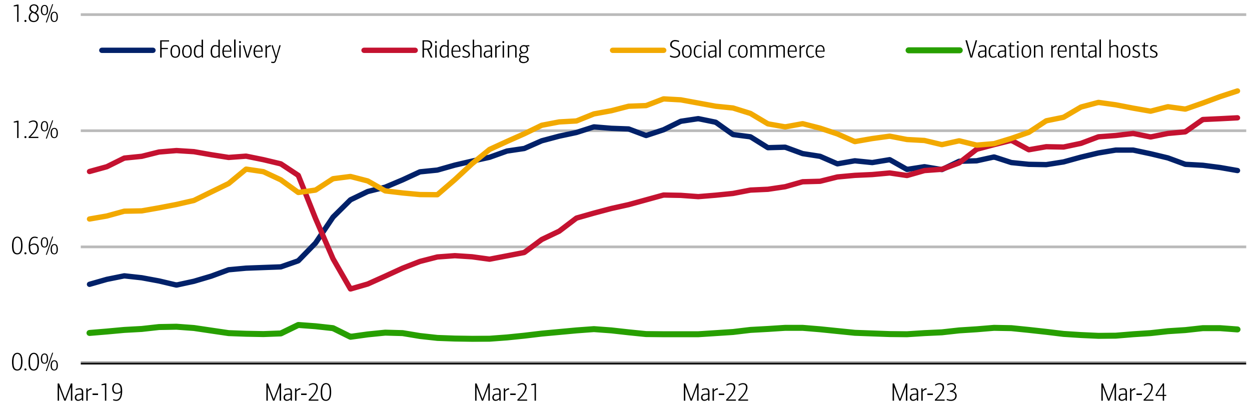
Looking across four of the top digital gig categories in September 2024, the share of customers earning income from "social commerce" has increased 0.2% year-over-year (YoY), according to Bank of America internal deposit data. In our view, this could be due in part to increased consumer demand for thrifted items bought via social commerce sites, which mirrors the broader trend of consumers trading down on goods in order to spend on experiences (see: Trading down is the new dressing up) (Exhibit 2). Similarly, "ridesharing" has seen an increase YoY as people 'hitch a ride' to said experiences (see: The gig is up – in a good way).

Exhibit 2: The September 2024 percentage share of Bank of America customers receiving income from ridesharing (nearly 1.3%) and social commerce (1.4%) platforms has increased over the past year, while that of food deliveries has decreased to 0.9%. Additionally, customers earning income from vacation rentals have been a small, but consistent, share at nearly 0.2%.

Percentage of Bank of America customers receiving select types of gig income (3-month moving average, %)



Source: Bank of America internal data

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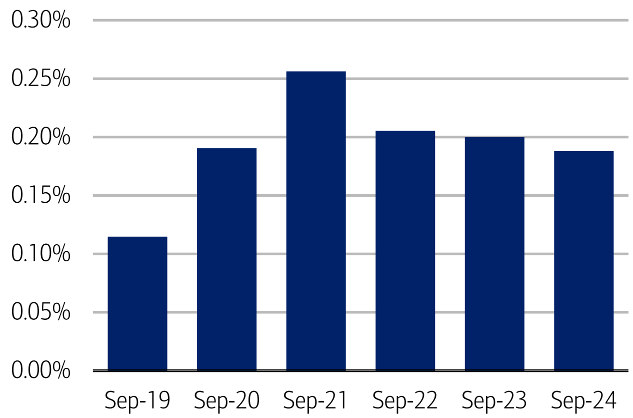
Meanwhile, the share of gig workers receiving "food delivery" income has decreased slightly YoY in September 2024, potentially as some consumers look for more value in their dining choices and choose to forego the added costs of delivery fees and tips (see: Quantity is the new quality). Although much smaller, the share of customers earning income from vacation rentals has remained consistent with little growth, likely as rising real estate prices remain a high barrier of entry and international tourism remains strong (see: Travel abroad).

Content creators struggle to create adequate paychecks

Turning to content creation, where people produce material and get paid via digital platforms, the percentage share of Bank of America customers earning income from these platforms peaked in September 2021 at 0.25%, more than double the rate seen in September 2019 (Exhibit 3). However, the share has declined every year since 2021, dropping to only 0.20% in September 2024. In our view, this is partially due to the slowdown in paid partnerships (brands using content creators as ads) in the past year and the competitiveness in this space, as more paid partnerships are concentrated among the top creators.

Exhibit 3: The share of customers that were content creators doubled in the two years through September 2021, but has dropped every year since and was 0.2% in September 2024.

Percentage of Bank of America customers receiving income from content creator platforms (3-month moving average, %)



Source: Bank of America internal data

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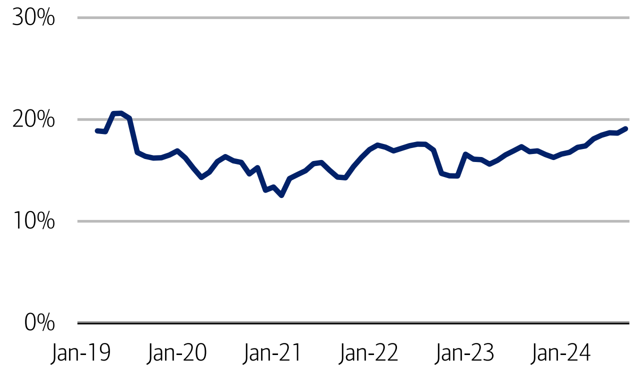
Exhibit 4: The average monthly income for content creators has increased for the past three years, but remains only 20% of the average monthly income for a typical, full-time US employee as of September 2024

Percentage share of average monthly income for Bank of America customers on content creator platforms compared to BLS data for average monthly income for a typical US private employee (3-month moving average, %)



Source: Bank of America internal data and Bureau of Labor Statistics (BLS).

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According to BofA Global Research, the decline in the share of customers earning income from content creation could also be driven by lower rates of online presences and viewership, especially compared to the pandemic-driven online growth in 2021.

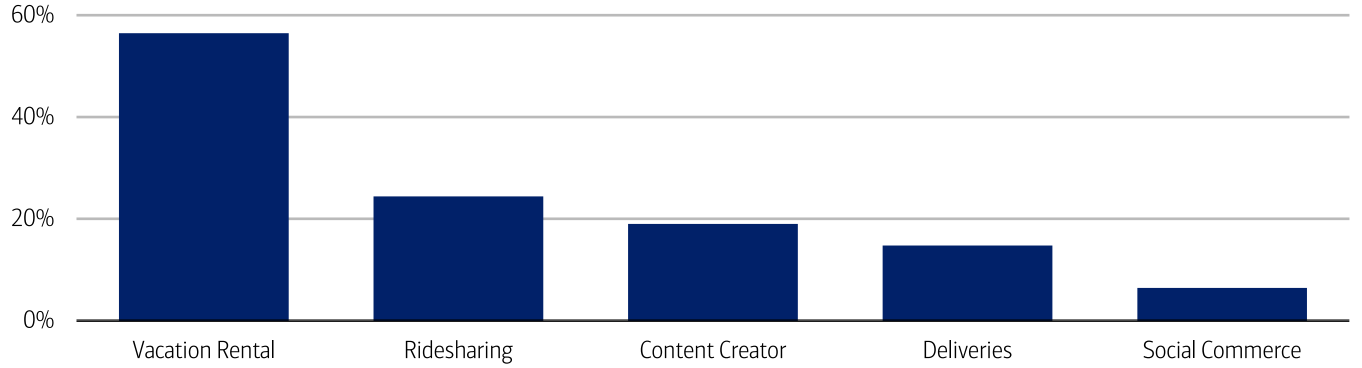
Data from Bank of America and the Bureau of Labor Statistics (BLS) also suggests that the average monthly income directly from content creator platforms, excluding any possible paid partnerships, is only 20% of the monthly income for a typical, full-time US employee (Exhibit 4). And only once in the past five years has the average *monthly* income of a content creator been higher than the average *weekly* income of a typical full-time worker, suggesting that very few people earn a living from content creation, let alone get rich from it.

A little bit of gig goes a long way

It's not just content creators who have a comparatively low average monthly gig income. Bank of America internal deposit data suggests the average monthly income from ridesharing, delivery and social commerce platforms was less than a quarter of the average monthly income for a typical US employee in September 2024, possibly as most people use gigs as part-time employment (Exhibit 5). And although the average monthly income from vacation rental platforms was much higher, it's still only slightly more than half that of the typical full-time worker.

Exhibit 5: For all gigs except vacation rental, the average monthly gig income for September 2024 was less than a quarter of the average monthly income for a typical full-time US employee

Ratio of average monthly income for Bank of America customers across select gig categories compared to average monthly income for typical US private employee from BLS data (3-month moving average, %)



Source: Bank of America internal data and Bureau of Labor Statistics (BLS).

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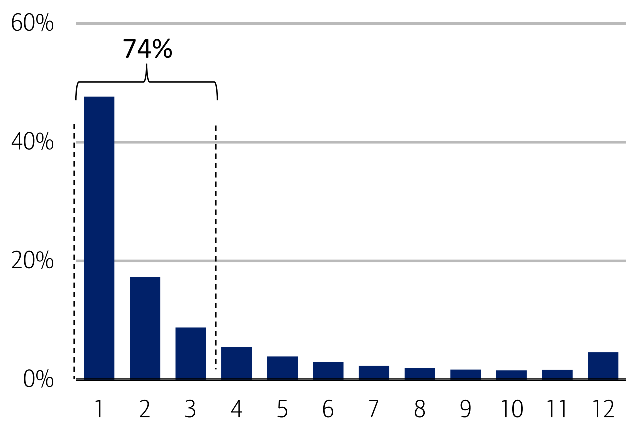
Additionally, Bank of America internal data for September 2024 suggests that nearly half of gig workers only earn income from this type of work one month in the past year, while almost 74% of gig workers worked three months or less (Exhibit 6). This suggests that gig work is likely a good option for flexible employment or supplementing a primary income.

Exhibit 6: Nearly half of gig workers only worked one month of the year, while almost 74% work less than three months in the past year

Percentage share of gig workers by number of months worked in the past twelve months from September 2024 (count of months, %)



Source: Bank of America internal data

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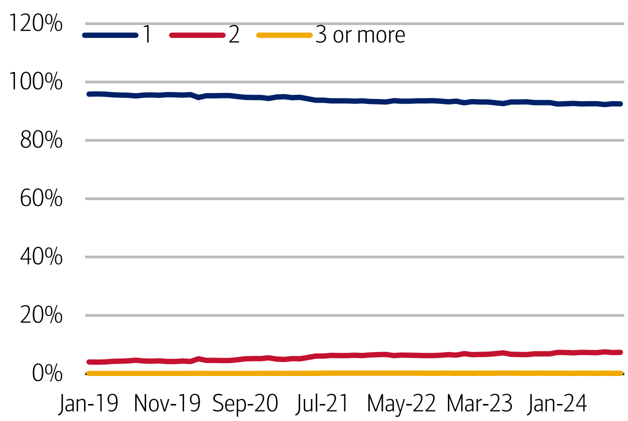
Exhibit 7: The share of Bank of America customers, who receive gig income, with income from only one gig has declined slightly since 2021 but remains very high, at nearly 92% in September 2024

The percentage share of customers receiving gig income by number of gigs (monthly, %)



Source: Bank of America internal data

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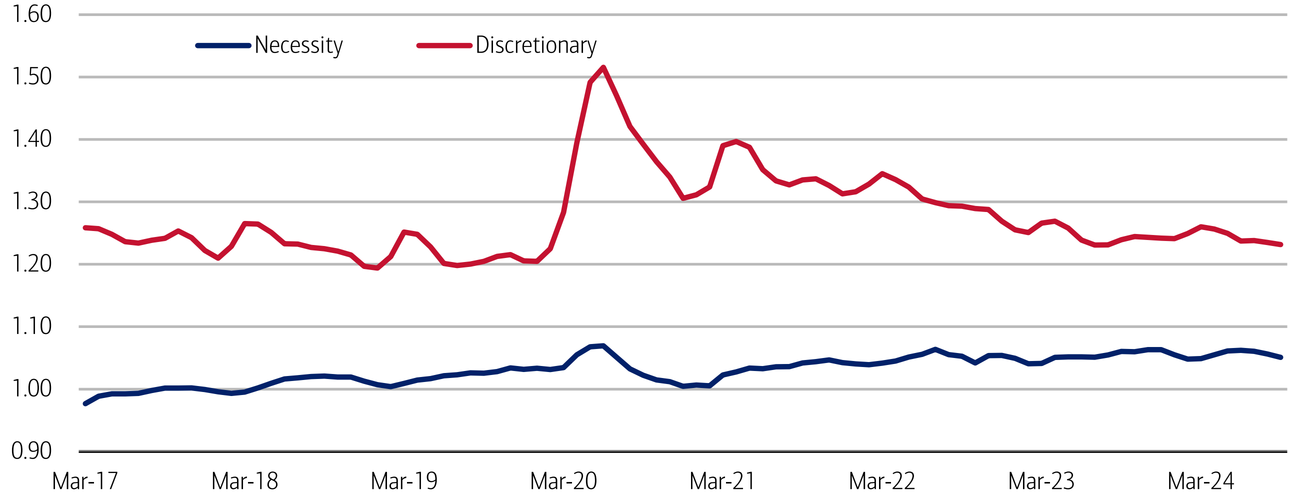
And widespread reports of people working multiple gigs may be exaggerated. Of the Bank of America customers who earn gig income, there has been a *slight* increase in the share of people earning income from two gig jobs since 2021. However, those who only earn income from one gig still made up over 92% of all gig workers in September 2024 (Exhibit 7). So, why then does the average gig worker use these platforms?

In our view, it's likely to supplement discretionary spending. In fact, Bank of America aggregated credit and debit card data for September 2024 suggests that the median necessity spending (e.g., rent, groceries) for those with gig income is only 5% higher than those without gig income (Exhibit 8). However, discretionary spending (e.g., electronics, restaurants, travel) was 23% higher, suggesting to us that most gig workers only work a single gig for one to three months out of the year to boost their current spending levels.

Exhibit 8: The September 2024 median necessity spending for customers with gig income is only 5% higher for customers without gig income, while the median discretionary spending is 23% higher

The ratio of necessity and discretionary Bank of America credit and debit card spending for customers with gig income compared to those without gig income (3-month moving average, %)



Source: Bank of America internal data

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So, overall, the stability in gig employment is likely a good thing for the labor market. Although it's not likely to be a major driver of full-time employment, it can be especially helpful for those looking to supplement their household's spending or for people who need flexible work arrangements.

Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Bank of America credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards is excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

If applicable, the consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level.

Gig type of income referenced in this report is derived from aggregated inflows to consumer direct deposits or debit cards from gig platforms. The typical monthly income for a US employee is calculated from average weekly earnings data from the Bureau of Labor Statistics for each month. This weekly data is then multiplied by fifty-two (weeks in a year) and divided by twelve (months in a year).

For the gig types, social commerce includes, but is not limited, to social media sites where members can buy and sell goods. Ridesharing includes any digital platforms where drivers and riders are connected, where in drivers earn a fee and tips. Food delivery is any platform where a driver can earn a fee or tip delivering items, mostly including restaurant and groceries. Vacation rental hosts digital platforms allow users to “list” their homes or portions of their homes for rental for a specified period of time. Content creators are people who produce material and get paid via digital platforms. Also included in total gig work are freelancers, tutors, direct sellers and domestic care givers.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1996

2. Younger Millennials: born between 1989-1995

3. Older Millennials: born between 1978-1988

4. Gen Xers: born between 1965-1977

5. Baby Boomer: 1946-1964

6. Traditionalists: pre-1946

If applicable, any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Any reference to aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash and checks.

We consider a measure of necessity spending that includes but is not limited to gasoline, grocery, insurance, and cable TV/broadband. We consider spending across payment channels (ACH, credit and debit card, bill pay). Discretionary spending includes but is not limited to: retail shopping (excluding food and gas), dining, home maintenance, travel, tourism, transportation, recreation, entertainment, personal well-being, and professional/public services.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

Additional information about the methodology used to aggregate the data is available upon request.

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Sources

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Disclosures