

Mini-Ubers are growing up. Also in the household chores business (09.05.2017)

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Digital platforms are gaining ground in the business of household chores and errands and in the market of caregiving services. They have absolute power on matching demand and supply and on setting work hours and wages. Ad hoc regulation is necessary.

The business of household chores and errands

Match-making platforms also entered the market of household chores and errands. Digital platforms bring along in this sector the [regulatory challenges](#) already seen for Uber, Airbnb and Blablacar. Competition, risk-sharing, self-regulation and governance models, labour rights, authorizations and safety, net neutrality, privacy are just a few of the most critical challenges. Amongst them it is worth also mentioning a more general challenge but indeed not less relevant: taxation.

Outsourcing is a common practice for companies that decide to contract out business processes and/or non-core functions to third parties. The practice of outsourcing household chores and errands seems to be connected, in [empirical studies](#), to the evolution of women's economic status. Higher wages have an increasing effect on household chore prices, because of opportunity-cost, but at the same time they lower the barrier to outsource chores and errands to strangers. The possibility to rely on somebody who will pick up the dry cleaning, do the grocery shopping, do the house cleaning, pay the utility bills, queue at the post office or running other errands is a pleasure that is attracting a growing number of people, women in particular.

In communities characterized by medium-high salaries, a growing albeit fragmented demand of household services is usually matched by a potential labour supply coming from social groups with time and skills available: pensioners, young job-seekers, unemployed or laid-off workers, housewives, students. The main problem is of course shared by ride-hailing or house renting business: matching the demand with the supply. What has been done in these sectors by Uber, Blablacar and Airbnb, is replicated by other platforms such as TaskRabbit, HelloAlfred and Network.care in the market of household chores and caregiving services, with the same aim of overcoming [transaction cost](#) barriers that have traditionally hindered these potential new markets.

It is possible to bypass the digital platforms establishing a direct and personal contact between demand and supply and this is indeed a constant menace to platforms market power. Nevertheless some platforms such as Handybook and Alfred Club, [truly control](#) the delivery of the services and benefit from a continuous learning by doing. Generally platforms, at least many of them, use algorithms to automatize a framework of (dis)incentives capable to influence the users' behavior and benefit from it. Such smart practices weaken the platforms' usual statement of being pure intermediaries, on the contrary they reinforce the so called

“anti-Uber” argument that underpins the desire to take the platforms to the traditional ground of the labour market. On this issue a [verdict of the European Court of Justice](#) is on the way and it will probably change the terms of the debate on all the markets currently impacted by the match-making platforms.

Market dimension, economic impact and workers’ rights

No specific data exist on the occasional outsourcing of household chores and errands, excluding of course more traditional and well established services such as in-house nursing or general caregiving. If we decide to use the revenues of the platforms (coming from fees, e.g. the 20% service fee of TaskRabbit) as a proxy, it is possible to state that the number of workers who use the platforms to get in touch with the demand is [growing](#). Transforming undeclared work into regular employment through platforms could potentially be overestimated in terms of GDP effect: many of these services are in fact just re-allocated and not created. For a long time timebanking, that started when digital infrastructures were not even available, has been cited as an iconic example of new economy. On the contrary today match-making platforms, fully exploiting the opportunities enabled by ICT innovation and smartphones, are hit by a strong backlash, as Marcela Sapone, co-founder and CEO of Hello Alfred, recently [said](#) to the Financial Times. Resentfulness and fierce criticism targets workers’ rights and such anger has led in some cases to define such platforms the “Ubers for slaves”, because of the absolute power to match demand and supply and to set work hours and wages. Indeed the creation of some sort of workers’ organization could be advantageous, maybe even supported by dedicated platforms and apps: recently in Italy a [strike](#) was organized by Foodora delivery bikers against the company policy on working hours and delivery schedules.

The value creation of digital platforms must go hand in hand with a sound contribution to the fiscal and social security system. As to industrial economic regulation, three main principles should be followed:

1. Recognize, when possible, the mediating role of the platforms that are not producers of goods and services
2. Promote market access while creating barriers to reduce the creation of dominant positions
3. Avoid copy and paste regulation to new markets: motor vehicles were not subject to the same road traffic laws in force when only horse-drawn carriages were around.