The 2023 Gig Drivers Report

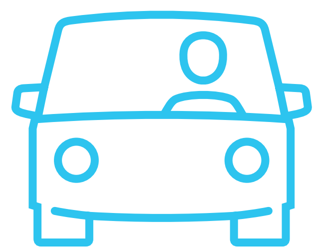
everee | THE RMDA

Executive summary

For most people, gig work is a stepping stone—not a career calling. So, when it comes to gig drivers, it's hard to put all of them into a single box. Everyone is doing the work for different reasons, and turnover is a natural part of the industry.

In today's difficult economic climate, leaders are having a hard time hiring and retaining gig drivers. By understanding the challenges drivers face and proactively implementing solutions to these problems, however, organizations can differentiate themselves from the pack — attracting more drivers and keeping them engaged and on the road for the long haul.

ABOUT THIS SURVEY



315
gig drivers

Working for rideshare & delivery companies

U.S. BASED ONLY

Introduction

Over the last decade, the gig economy has changed the way some 55 million-plus U.S. workers earn a living by providing flexible, on-demand job opportunities. Yet in an era of rising inflation and sky-high gas prices, one critical class of gig workers — drivers — face mounting and one-of-a-kind financial pressure.

According to one recent report, gig drivers are shelling out as much as 50% more to fill up their tanks than they did one year ago. And while some platforms might be increasing their prices to combat inflation, that doesn't necessarily mean that drivers are getting paid more.

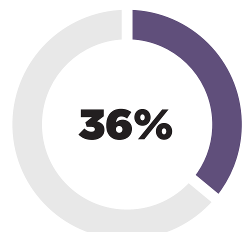
For these reasons, it comes as no surprise that many businesses are struggling to hire and retain drivers. In fact, one report found that 50% of businesses are having a hard time finding drivers. This, in turn, is causing many companies to think outside the box and extend offers to folks they usually wouldn't.

To get a better understanding of how they feel today, Everee and the Restaurant Marketing & Delivery Association (RMDA) recently surveyed 315 gig drivers based in the United States who work in ridesharing or delivery. This report outlines how gig drivers are feeling about their jobs and how drivers are doing from a financial perspective. Additionally, it highlights insights from the leaders in the gig and delivery industries as they tackle retention, growth and compliance challenges on the ground.

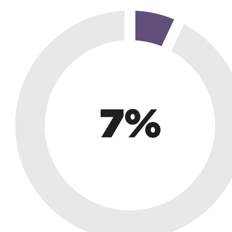
The state of the gig driver

Many of the folks drawn to gig driving jobs are most interested in the ability to work flexible hours and make their own schedules. According to our research, more than half of gig drivers work less than 20 hours each week, with the biggest group (36%) working between 11 and 20 hours. At the same time, just 7% of respondents indicated they worked more than 40 hours a week as a gig driver, while 14% said they worked between 31 and 40 hours. It turns out that some folks, despite having the opportunity to set their own hours, are still keen on tracking a traditional workweek.

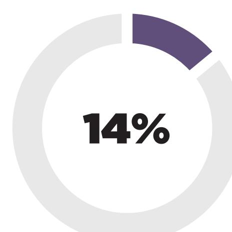
Of those surveyed, 64% said that gig work is their main source of income. As such, it's safe to say that most drivers who are only putting in 10 or 15 hours of driving time each week are working other gig jobs, too.



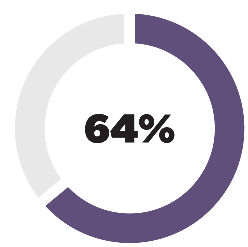
Work between 11 and 20 hours



Work more than 40 hours a week



Work between 31 and 40 hours



Gig work is their main source of income

WHAT A DIFFERENCE A YEAR MAKES

According to our survey, 88% of gig workers are more satisfied with their jobs than they were a year ago. This is likely due to a confluence of factors, including less COVID-related fears as the world returns to normalcy, folks hitting their stride after having another year as a gig driver under their belts, having flexibility with their schedules, and being able to earn more money when they want to — something that is particularly important in our era of rising inflation.

THE WORKER CLASSIFICATION WAR

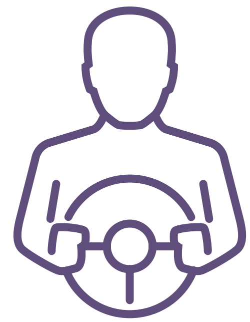
Worker classification is an endless debate in the political arena—and gig leaders can't afford to ignore the discourse. Whether their workers want to be independent contractors or not, gig leaders need to build in agility as federal and state laws change.

"Delivery companies need to assess now if the processes and tools they have in place for their 1099 workforces will support W-2 workers for onboarding, paying, and staying compliant," says Andrew Simmons, president of the Restaurant Meal Delivery Association. "If not, they should act quickly, so that their workers are onboarded correctly, paid accurately and remain in compliance with applicable laws."

GIG DRIVERS PREFER 1099 CLASSIFICATION

If given the choice between working as a 1099 contractor or a W2 employee, gig drivers by and large would opt for the former classification. Our study found that 68% of gig workers would prefer to keep their 1099 status to maintain the flexibility that comes with being a part of the gig economy.

That said, there are two big benefits that could convince drivers to become full-time employees; 81% of respondents said they'd give up 1099 flexibility for more money while 77% would become W2 employees for healthcare benefits.



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of gig workers would prefer to keep their 1099 status

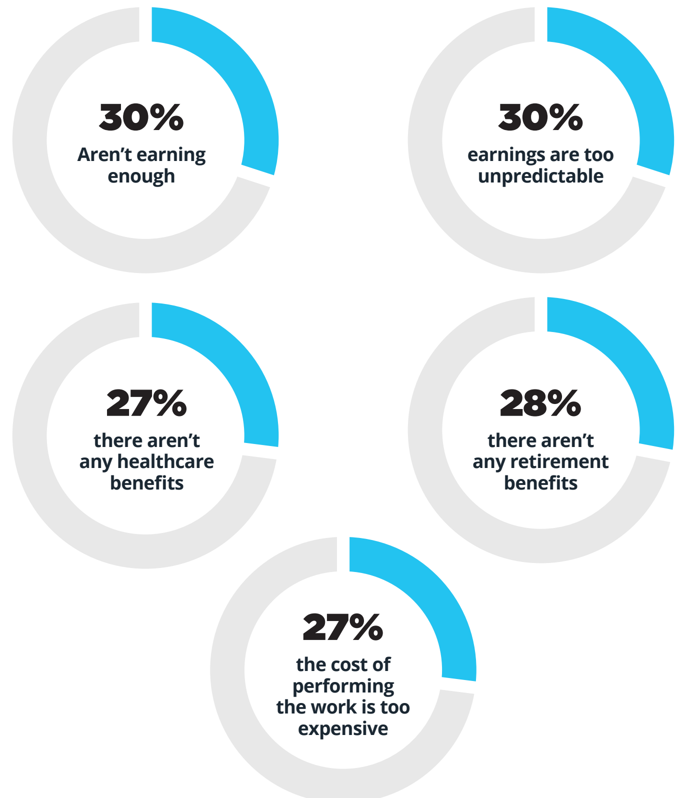
To meet demand for these preferences, gig leaders are considering offering optional W-2 employment more comprehensive benefits usually retained for employees.

"I'm very much open to and actively considering how drivers could be employees and have benefits," says Rebecca Lock, founder and CEO of Kidcaboo, an on-demand transportation company for kids. "I think it's really important that I stand up for [classification preferences]. I want to give people the option—maybe some people really do want to be independent contractors. Good, do that. But give the option."

Gig driver satisfaction

While gig drivers are happier than they were a year ago, roughly 42% of workers say it's possible that they will leave gig work within the next 12 months, with 58% saying they're going to stay put. Some of the main reasons for this exodus include workers aren't earning enough (30%), earnings are too unpredictable (30%), there aren't any healthcare or retirement benefits (27% and 28%), and the cost of performing the work is too expensive (27%).

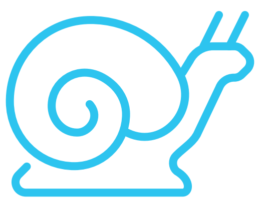
WHY DRIVERS MAY LEAVE GIG WORK



On the flipside, just 11% of workers have no complaints about their gigs.

SLOW PROCESSES TURN WORKERS AWAY

One of the key reasons employers might be struggling to hire gig workers is due to the fact that they're still relying on processes that move too slowly. For example, 42% of workers say they've declined a gig job because they had to wait too long to get paid. Similarly, 45% of workers say they've removed themselves from the running after experiencing a company's onboarding process that stretched on too long.



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Chris Hefferman, founder and CEO of food delivery company Dlivrd swears by automation. "We automate what we can and humanize what we need," says Chris. "The onboarding process is available 24/7 for drivers to automate right through, and it's all done in as easy as a text message."

By speeding up processes as much as possible, employers may be able to overcome some of the driver shortages that all organizations face.

Simmons says, "Delivery businesses need to look for partners and technology solutions that do the heavy lifting for them. With modern payment apps, there's no reason someone shouldn't be able to onboard in minutes and get paid as soon as they work. This will help delivery businesses overcome the inefficiencies in onboarding and ensure they don't lose drivers before they even start."

ENVIRONMENTAL FACTORS MAY HURT RETENTION, TOO

Workers may also ditch gig jobs due to environmental factors, some of which are outside the employers' control. For example, 22% of respondents said that negative customer interactions remain a top concern. Additionally, 19% of those surveyed indicated that they might leave gig work due to feeling unsafe while performing job duties. Similarly, gig drivers might be drawn to new jobs due to a lack of demand in the area (17%) or the fact that they get burned out from gig work (17%). While there might not be much employers can do to protect against these environmental factors, it's important to be aware of them.

BONUSES AND OTHER REWARDS CAN HELP ATTRACT GIG WORKERS

According to our survey, there are some tactics employers can use to increase the chances gig workers are attracted to their opportunity versus a competing one. For example, respondents indicated that sign-on bonuses, minimum earnings guarantees, and a pay card that enabled them to receive the money they've earned instantly are all perks that would make workers consider joining a certain company. In other words, opening the company purse a little bit more could go a long way toward helping an organization solve a hiring problem.

Gig driver financial wellness

Part of the reason why so many gig drivers have their sights set on a career change is due to the fact that 76% of them live paycheck to paycheck. Most gig drivers, after all, work other jobs and use gig work to make additional income. Despite their financial insecurity, however, it's worth noting that most gig workers are still satisfied with their part-time, flexible roles. Rather than having a cap on how much money they can make each week, the only limiting factor for gig workers is how many hours they're willing to work — and how many hours are in the week.

76%

of them live paycheck to paycheck

Simmons says pay is the "critical factor" in driver retention: "By offering more predictable earnings, fair wages and instant access to pay, delivery companies of any size can compete with the established gig economy giants like DoorDash and Uber."

GIG WORK HELPS COVER EMERGENCY EXPENSES

In the event an unexpected expense popped up in their lives, 44% of gig workers would pick up additional jobs to cover the costs. At the same time, 43% of them would turn to their savings and 25% would consider taking out a payday loan. Additionally, 18% would ask their employer for a cash advance while 21% would sell off assets. Fingers crossed that those assets don't include any automobiles; otherwise, gig drivers might have to look for a new line of work. Again, it seems as though gig drivers are happiest about the fact that their jobs are flexible to the point that they can pick up more hours when they need them.

GAS PRICES AND INFLATION ARE IMPACTING WORKERS

While 21% of workers haven't changed their habits in response to higher gas prices and soaring inflation, the remaining drivers are split. According to our study, 40% of drivers are working less due to high gas prices while 38% of drivers are working more. Additionally, 49% of drivers say they are doing more gig work in response to inflation while 32% are doing less and 19% are doing the same amount. Suffice it to say that high gas prices and rising inflation are having a significant impact on drivers—and that drivers are taking different courses of action in response.

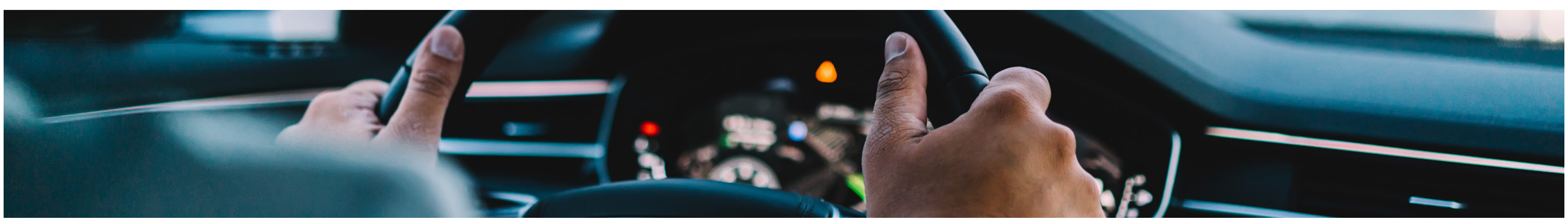
WORKERS TRUST THAT EMPLOYERS CARE ABOUT THEIR FINANCIAL WELL-BEING

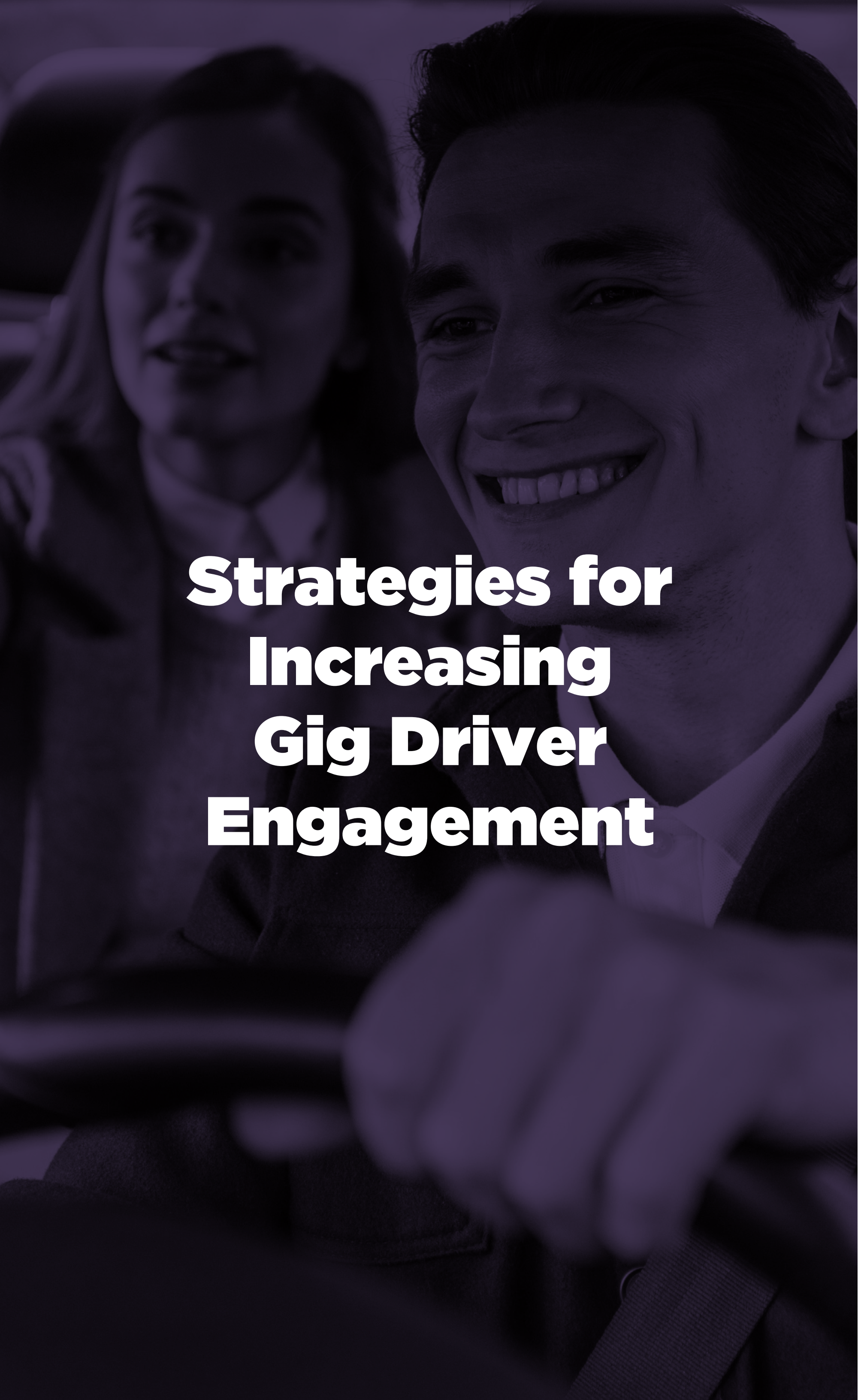
Despite financial insecurity and pay concerns, workers have a lot of faith in companies regarding their financial health. In fact, 73% of respondents agree that companies care about their financial well-being. While this finding was surprising, it illustrates the fact that employers need to be cognizant of their gig workers' financial situations. In the event a driver feels as though the company doesn't care about their finances, that individual may start looking for new work immediately.

73%

of respondents agree that companies care about their financial well-being

Raven Hernandez, founder and CEO of electric vehicle rideshare company Earth Rides says the primary future trend needed in the gig industry is to become more driver-centered. "The past 5 years have been about autonomous vehicles and removing the driver—and the drivers have gotten that message. We need to transition back to the basics: how do we take care of drivers? And make it more efficient for them?"





Strategies for Increasing Gig Driver Engagement

While employers certainly have their work cut out for them when it comes to hiring and retaining gig drivers, all hope isn't lost. Here are three easy tactics organizations can use to increase the chances they overcome the challenges associated with the gig driver shortage — and build stronger, more resilient businesses because of it.

1. SPEED UP ONBOARDING PROCESSES

According to our research, 42% of workers left a gig because it took too long to get paid, and 45% of workers left because the onboarding process was too long. By baking as much efficiency into these processes as possible, you can eliminate the chances that candidates ditch your organization due to slow, outdated processes.

Leading HR and payroll automation solutions make the onboarding process lightning-fast and seamless from a worker's perspective. With the right solution in place, you'll also be able to pay workers as fast as the same day — much to their delight.

2. INCREASE COMPENSATION AND OFFER PERKS

Our report found that a lack of benefits is one of the main reasons gig drivers are thinking about new careers. At the same time, we also found that financial perks like sign-on bonuses and minimum earnings guarantees could be differentiating factors that convince workers to choose your company over another.

Embracing the idea of a new worker classification — one that sits between 1099 contractors and W2 employees — and offering this individual some form of healthcare and retirement benefits can be a great way to make your company stand out from the pack. At the same time, enticing would-be drivers with financial rewards up front can be a great way to get more people in the door.

3. OFFER INSTANT PAYMENTS

With so many gig drivers working paycheck to paycheck — and soaring inflation and rising gas prices taking bigger and bigger chunks out of earnings — employers should strongly consider implementing payment solutions that enable them to pay their workers instantly. By giving gig workers fast access to the cash they've earned, employers can help them improve cash flow problems while also proving they care about their financial well-being — a win-win scenario.

Employers who need gig drivers are struggling to find and retain talent. But a few creative decisions, including paying faster using a tool like Everee, can go a long way toward alleviating these problems. To learn more about the easiest way to attract, hire, and engage gig drivers, request a demo of Everee today.

About Everee:

Everee is a payroll technology company that makes it easy to pay workers instantly and launch payroll products to drive growth. Started in 2018 to disrupt the two-week pay cycle, Everee's platform boasts flexible APIs, embeddable components and payroll finance, allowing you to onboard and pay workers at scale without cash flow challenges. Learn more at everee.com.

About RMDA:

The RMDA has a membership of 550+ Restaurant Delivery Services, each one locally owned and operated, doing over $500 million in combined sales each year, in approximately 700 cities. We help facilitate national partnerships with restaurateurs, provide discounts and services to service businesses, and arrange deals with large companies for better buying power. Learn more at https://www.thermda.org/.

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