

Deloitte Access Economics

Platforms, small business and the agile economy

eBay

2017

Contents

Glossary.....	i
Executive Summary.....	i
1 Introduction.....	1
1.1 Small businesses and the agile economy	1
1.2 Role of digital platforms.....	2
1.3 This report.....	2
2 Competition and choice	4
2.1 Finding the right consumers.....	4
2.2 The value of competition	4
2.3 Consumers prefer choice.....	5
3 Reach.....	7
3.1 A world of potential buyers.....	8
4 Trust and brand	10
4.1 Value of a secure payments system.....	10
4.2 Gaining insights from reviews.....	11
5 Increasing workforce participation	13
6 The secondary market and sharing economies	16
References.....	17
Limitation of our work	19

Liability limited by a scheme approved under Professional Standards Legislation.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.
Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Glossary

ABS	Australian Bureau of Statistics
CEO	Chief Executive Officer
DFAT	Department of Foreign Affairs and Trade
GDP	Gross Domestic Product
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development

Executive Summary

Platforms have facilitated small business operations by enabling them to overcome some of the natural disadvantages of small scale, to compete with larger businesses. In particular, platforms allow small businesses to become viable competitors outside their local markets.

Many Australian online businesses rely on export markets, which they reach via platforms that serve as marketplaces. These marketplaces underpin consumer and seller access to global markets.

Platforms have increased choice for buyers, opening up a worldwide market to choose from, meaning that products are more likely to be what they are after.

- Consumer benefits, in terms of choice and convenience online, is estimated to be worth \$9.5 billion to the Australian economy

Platforms open up a world of potential buyers - where bricks and mortar-only businesses are more likely to be restricted to local markets and advertising, digital platforms have significantly reduced the cost of reaching a global market

- 88% of Australian eBay-enabled SMEs exported in 2016. By comparison, the export rate in 2014-15 for all Australian businesses was 2%

Secure payments and review systems available through platforms can help small businesses to establish trust and hence, increase sales

- Online reviews or recommendations from within an individual's social media circle influence buying decisions for 58% of consumers.

Digital platforms increase workforce participation by offering greater flexibility and options for potential workers, including people with caring responsibilities or those with a disability.

- Over 1 million Australians are offering goods or services on digital platforms such as Airbnb, Airtasker eBay, hipages and Uber and could earn income from these sources.

Through greater connectivity between buyers and sellers, platforms have also facilitated the secondary market and sharing economies

- In 2015, the sharing economy contributed \$504 million in value added in NSW alone, and 45,000 people earned income through digital platforms

The regulation of digital platforms needs to be considered very carefully because of the dynamic nature of digital business, and weighed up against how constraints on platforms may reduce their effectiveness in helping small business grow.

Deloitte Access Economics

1 Introduction

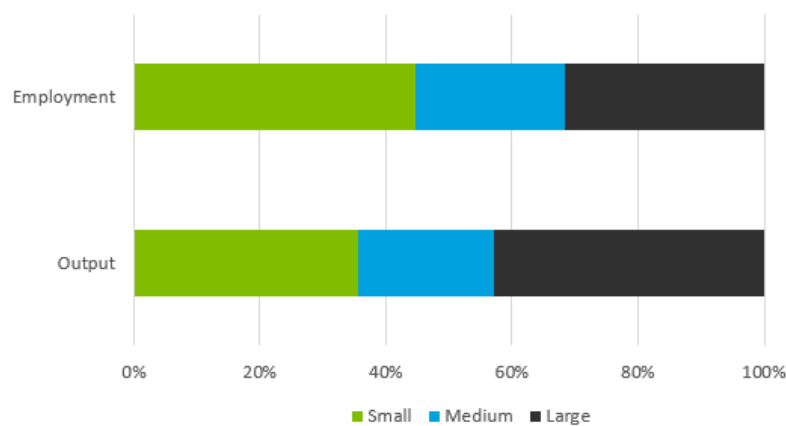
The agile economy is characterised by “free enterprise, individual initiative, freedom” and flexibility (Prime Minister Malcolm Turnbull, quoted in *The Conversation*, 2015). Small businesses, in particular, are crucial to the agile economy due to their ability to adapt quickly to changes in technology, consumer trends and policy.

Platforms have facilitated small business operations by enabling them to overcome the natural disadvantages of small scale and compete with larger businesses. Agile businesses and workforces, which are responsive, flexible and adaptable, contribute to an economy which is more agile. Platforms have played a critical role in supporting an entrepreneurial culture and facilitating the agile economy.

1.1 Small businesses and the agile economy

Small businesses are a significant component of the Australian economy. They accounted for 26% of private sector output (industry value added), representing \$379 billion, and employed 4.7 million people in 2014-15, representing 45% of private sector employment (Chart 1.1).

Chart 1.1: Output and employment by business size, 2014-15



Source: ABS Cat. No. 8155.0, Deloitte Access Economics (2016)

Small businesses face their own unique set of challenges and opportunities within Australia’s economy. The nature of small businesses means that they are more likely to struggle to reach a large number of customers, achieve efficiencies in operating costs and develop a reputation for trust and quality in the market.

Traditionally, the focus of innovation policy has also been on large businesses, providing support through research and development tax incentives and partnerships between large enterprises and universities.

However, in recent years, innovation policy has shifted its focus to small businesses. The 2015 Budget introduced the biggest small business initiative in Australia – a \$5.5 billion Growing

Jobs and Small Business package. This is in recognition of the role small businesses play in driving the agile economy. The former Minister for Small Business, Bruce Billson noted, “small business is the engine room of our economy and key to our prosperity as a nation” (Billson, 2016).

1.2 Role of digital platforms

Digital platforms are a key enabler of growth of small businesses in Australia. A digital platform is an online market place, connecting buyers and sellers. The platform may be owned by one of the parties involved in the transaction, such as a business’s website with purchasing abilities, or by a third party separate from the buyer and seller, such as Uber.

Digital platforms enable the trade of anything that can be bought, rented or sold, ranging from new to unwanted to spare assets. It may include the trade of space (Parkhound), or may include the trade of time (Airtasker) and money (Kickstarter). Platforms provide a range of benefits, enabling small and medium-size businesses with facilities in a particular market to compete over distance with larger businesses.

The rise of these digital platforms have posed new economic and legal questions for the Australian economy and, while regulation of businesses is an important and crucial part of a well-functioning economy; there is a need for balance. It is acknowledged that too much regulation can adversely affect innovation and efficiency. Rather, regulatory reform should seek to aid SMEs and enhance competition (OECD, 2014). The regulation of digital platforms needs to be considered very carefully because of the dynamic nature of digital business, and weighed up against how constraints on platforms may reduce their role in helping small business grow.

Specifically, in February 2017, the Government introduced a bill into Parliament that will amend the law to extend Goods and Services Tax (GST) to low value imports of physical goods imported by consumers from 1 July 2017 (Australian Taxation Office 2017). For this proposed regulation to be effective, it must be appropriately targeted. For example, if platforms do not hold or process the goods or services, or process transactions, they may be unable to collect this GST on behalf of the government under their current business model. Such responsibilities may limit the business’ effectiveness.

1.3 This report

eBay has commissioned Deloitte Access Economics to consider the role of platforms in enabling small business and the agile economy. The purpose of this report is to facilitate an understanding of the benefits of digital platforms, to be used by eBay in its discussions with government and other stakeholders.

There are a range of definitions of small business. The Australian Bureau of Statistics defines a small business as one with fewer than 20 employees. Alternatively, small businesses can be categorised by their annual revenue. eBay-enabled small businesses are defined as ones with sales of at least US\$10,000/year on their platform.

This report considers small businesses, entrepreneurs, independent contractors and even individuals using digital platforms to connect with markets and sell their goods and/or

services. Minimum revenue and employment are not defined as platform-enabled businesses can be quite different to traditional operations in scale. The types of digital platforms considered in this report are those which can be broadly defined as online platforms which connect buyers and sellers and allow for communication and trade.

This report draws on publicly available literature, consultations with digital platforms and data from eBay. This report highlights a number of benefits of digital platforms, including:

- increased competition and choice;
- providing access to a scale of market that small businesses could not achieve by themselves;
- facilitating trust between parties, through payments systems and ratings systems;
- breaking down barriers for start-ups and entrepreneurs; and
- reduced waste through promoting secondary markets for goods.

These benefits suggest that digital platforms are an important tool in enabling the growth, viability and success of small businesses.

2 Competition and choice

The rise of platforms has led to a world of unprecedented competition and choice – barriers to entry have been lowered for small businesses, allowing more of them to compete and offer their varied goods and services. This provides shoppers with a greater variety to choose from, meaning that products are more likely to meet their needs.

2.1 Finding the right consumers

Platforms have facilitated the agile economy by lowering transactions costs. In a given transaction, there are both search and information costs. For buyers, these costs relate to the time, energy and money spent looking for the right product and ensuring it is available, and at the right price. Sellers also face transactions costs, in finding the right buyers for their product.

High transaction costs can prevent mutually beneficial trade. Digital platforms lower these costs by bringing together a larger range of offerings in the one place, which attracts potential shoppers to the platform. In 2015, four in ten Australians bought at least one product online during a four week period (Roy Morgan Research, 2015). Australian consumers spent an estimated total of \$20.1 billion in 2015-16 purchasing goods and services online (NAB online retail sales index, 2016).

This is particularly important for new businesses, small businesses and niche businesses. Digital platforms have lowered transaction costs and facilitated sales which may not otherwise have occurred, by enabling small businesses to:

- access new buyers outside of their geographical region;
- find the right buyers through search and filtering tools thereby reducing decision costs;
- reduce bargaining costs and the need for individual contracts; and
- reduce regulation costs through assurance provided through the platform.

2.2 The value of competition

By lowering transactions costs, platforms have reduced the scale needed to be a viable competitor. More micro and small businesses accessing remote markets increases competition. This benefits both buyers and sellers, ensuring a well-functioning market and greater efficiency in the economy.

The existence of the digital platform, Airbnb, for example, has increased competition in the tourist accommodation industry with the number of Australians with a listing on Airbnb doubling in the past 12 months to more than 40,000 listings (Australian Financial Review, 2015). This is in addition to the thousands of hotel listings offered in Australia.

Small businesses make up the majority of businesses in Australia. In 2014-15, 61% of Australian businesses were non-employing, and a further 27% were micro-businesses with 1-4 employees (ABS, 2016).

It is difficult to estimate the proportion of online businesses which are small businesses, but online businesses may be more likely to be small businesses as platforms provide them with the means to overcome competitive disadvantages. In 2016, eBay reported more than 28,000 small businesses operating on its platform.

2.3 Consumers prefer choice

Along with increased competition comes increased choice for consumers. Choice comes in many forms, from the variety of products on offer to the types of retailers and the experiences they provide (online vs bricks and mortar businesses, or integrated bricks-and-clicks models). Consumer benefits, in terms of choice and convenience online, are estimated to be worth \$9.5 billion to the Australian economy (Deloitte, 2015).

Increased competition between suppliers leads to lower costs and improved quality for consumers. This is clearly demonstrated by comparison websites, which bring these suppliers together in the one place. For example:

- millions of consumers use Compare the Market and iSelect which to compare their insurance, utility and finance options; and
- hipages has over 1 million customers comparing quotes from tradespeople.

Digital platforms, by their nature, enable buyers to compare options in one convenient digital place which encourages competition between suppliers (Deloitte Access Economics, 2015b). While this tends to be more of a benefit for shoppers than for businesses, small businesses who were traditionally unable to access these markets are now able to be effective niche suppliers, due to their agility, to respond to purchaser demands and trends to supply the variety sought.

That said, the 'paradox of choice' suggests that excessive choice can in fact lead to difficulty in making decisions and anxiety in shoppers. Platforms tend to offer very large choice sets to consumers; in 2015, eBay Australia reported 343 million new listings created and Airbnb, as noted above, had 40,000 listings in Australia. Platforms' decision tools can assist users in managing this choice; filters by type of product, price, location, dates, amenities and/or payment types can narrow the choices to a manageable set most likely to meet an individual's needs.

Hipages – finding the right tradie, at the right time

Hipages is “Australia’s most visited building and renovation website”. The platform allows consumers to post a job description, hipages matches this to a database of trade businesses, and up to 3 tradespeople follow up and provide a quote for the work.

CEO David Vitek notes the benefits of the platform in connecting Australians with local trade professionals since 2004, “tradespeople used to advertise in hard copy – using the Yellow Pages, letterbox drops and local noticeboards. The internet, websites and social media have opened up a much larger potential market. Hipages benefits tradespeople by helping them navigate the online market place, and has increased competition by supporting smaller operators in the online sphere.”

Hipages started as a directory, but has since evolved into an interactive platform. Tradies benefit from the choice of when they interact with the platform and when they want to respond to work requests. The greater competition online gives smaller businesses a chance, particularly when quality is as important a focus as lower price.

Hipages also enables consumers to find the right tradie at the right time, with response times “within minutes rather than days”. Hipages simplifies the process of obtaining quotes as consumers “no longer have to call up a list of tradies and explain their problem again and again until they find a tradie to help. People don’t have the time to find tradies in this manual way anymore,” explains David. Hipages provides consumers with a greater potential choice of responses from tradies and by improving communication between parties, makes the process of finding a tradie much more efficient.

“Digital platforms, like Hipages, create more competition and choice for both small businesses and consumers,” David concludes.

3 Reach

In Australia, 99% of total employing businesses were SMEs in 2014-15 (ABS Cat. 8165.0, 2016). SMEs are integral to the Australian economy and digital platforms enable them to reach beyond their local markets in order to improve their growth and sustainability. In 2016, over 88% of eBay-enabled SMEs across 18 developed and developing countries exported (eBay, 2016).

Large businesses often have the resources to export in large volumes thereby enjoying the advantages of economies of scale. Small businesses, often unable to achieve these economies of scale, rely on digital platforms to level the playing field by enabling them to better access inter-state and global buyers at often lower costs. A 2016 eBay report found that technology enabled SMEs had higher export activity and overall growth when compared to traditional businesses.

Digital platforms have provided access to a scale of market that small businesses could not have easily achieved by themselves. Figure 3.1 outlines the benefits of digital platforms for small businesses in terms of reach.

Figure 3.1: Benefits of digital platforms for small business



Source: Deloitte Access Economics (2016)

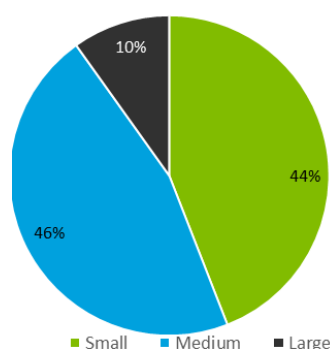
Note: The gravity equation in economics states that bilateral trade between two countries is proportional to size, measured by GDP, and inversely proportional to the geographic distance between them.

eBay-enabled SMEs capitalising on the benefits of digital platforms can be more profitable, allowing them to grow their business and hire more employees (eBay, 2013). It is estimated that eBay-enabled SMEs created up to 50,000 jobs in Australia in 2013 (eBay, 2013).

3.1 A world of potential buyers

Through use of digital platforms, Australian SMEs are able to broaden their geographic reach. In 2014-15, SMEs comprised 90% of the total number of exporting businesses in Australia (Chart 3.2).

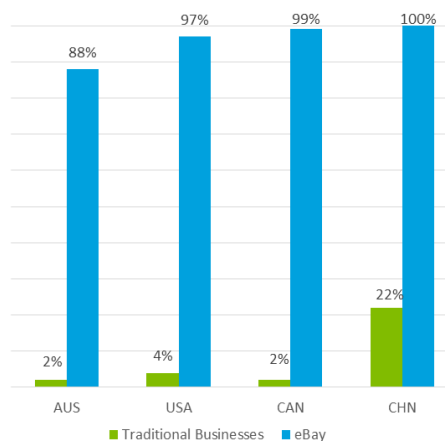
Chart 3.1: Number of exporters by business size, 2014-15



Source: ABS Cat. No. 5368.0, Deloitte Access Economics (2016)

In 2015, trade in goods and services contributed nearly \$670 billion to the Australian economy (DFAT, 2016). Whereas businesses that choose bricks and mortar-only operations over internet and platform methods are more likely to be restricted to local markets and advertising, digital platforms, such as eBay, have significantly reduced the cost of reaching a global market. eBay’s Small Online Business Growth Report (2016) found that 88% of Australian eBay-enabled SMEs exported, with the top destinations for exports being the United States, United Kingdom and Canada. By comparison, the export rate in 2014-15 for all Australian businesses was 2% (ABS Cat. 5368.0, 2016). Chart 3.2 demonstrates that online stores have a greater reach than traditional brick and mortar stores.

Chart 3.2: Share of eBay-enabled SMEs exporting versus traditional businesses



Source: eBay (2016)

Note: offline figures are not comparable across countries due to different methodology and coverage of firms.

DisruptSports.com – marketing customised boards overseas

DisruptSports.com is a Sydney-based small business, specialising in on-demand manufacturing and customisation of surfboards, skateboards, snowboards and yoga mats. The business started in late 2014, and, in addition to selling locally, has been exporting products to the United States and United Kingdom.

DisruptSports.com primarily uses platforms such as eBay and Amazon to test its product ideas and access new markets. The company notes what customers click on and collects data to understand what will sell in different markets. For example, DisruptSports.com has found that the American market for stand-up paddleboards is more open to the purchase of more expensive customised boards relative to the Australian market.

Founder, Gary Elphick, notes that the benefits of marketplace platforms include the ability to allow businesses to cheaply conduct overseas market testing. In the absence of eBay, with its broad global presence, the use of individual platforms in each country would require a greater investment of time and money and the process would be less straightforward. Use of eBay has helped the business grow from a start-up by supporting its overseas reach.

4 Trust and brand

Trust is an essential requirement of the economy – it allows for trade between two people who are strangers (Arrow, 1974). It can be challenging for a new or small business to build trust, but platforms, via their reputation and systems, can provide an efficient way for these new businesses to establish trust. The quality and reliability associated with a digital platform's brand can be transferred to the businesses that use the digital platform.

Large and established businesses have the advantage of resources and time to build a strong brand both on and offline. However, digital platforms can provide a 'short cut' for small and online businesses to build trust with their customers and more easily establish their brand, essentially allowing small businesses to compete in terms of trust and brand. While small businesses are able to leverage the platform's brand, trust is facilitated through two key features of digital platforms: secure payments systems and review systems. These features allow for transparency and connection thereby creating trust in the transaction.

Other platform features which facilitate trust include:

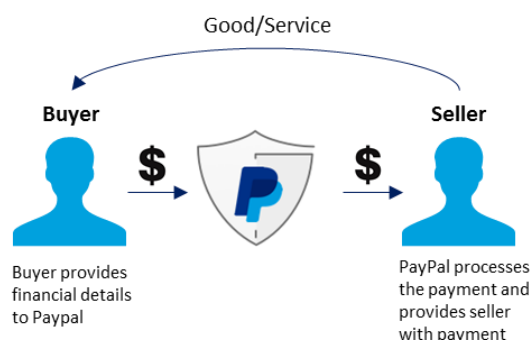
- the ability for the platform to disqualify providers for poor performance;
- screening of providers and users prior to participation on the platform (screening could be for either qualifications or character traits);
- verified identification of providers and users; and
- insurance to cover providers or users for damage incurred while using services on the platform (Deloitte, 2015b).

For example, Airbnb, a digital platform, allows owners to list available rooms or properties for short term rental amongst its network of users. Airbnb's in-built features of a secure payments system and in-depth review system create the trust necessary to facilitate this transaction between strangers. It is clear how this could also be applicable to small businesses trading via an online platform.

4.1 Value of a secure payments system

Secure payment systems create trust in transactions by minimising the risk of fraud and providing assurance of payment. Many digital platforms now incorporate PayPal, one example of a secure online payments system, to ensure the safety and security of its consumers' personal details. The use of PayPal creates trust in the transaction as financial details are only shared with a secure third party (Figure 4.1).

Figure 4.1: How PayPal facilitates trust in a transaction



Source: Deloitte Access Economics (2016)

Online secure payment systems are facilitating more and more transactions as e-commerce continues to grow – the Global Retail E-commerce Index (A.T. Kearney, 2015) ranks Australia in the top 10 online markets based on online market size, consumer behaviour and growth potential with Australian e-commerce sales having grown by 9% in the last year. A secure online payment system creates the trust needed for these transactions to occur.

4.2 Gaining insights from reviews

A two-sided review system is an integral component of many digital platforms; it provides a feedback mechanism that aims to ensure satisfactory customer experiences, thereby creating the trust required in the transaction.

These systems are varied in their approach – some systems, such as those used by Uber and Airbnb, allow for real time and reciprocal ratings once the transaction is complete, while others allow for anonymous comments such as TripAdvisor.

The Deloitte Media Consumer Survey (2016) found that online reviews or recommendations from within an individual’s social media circle influence buying decisions for 58% of consumers.

While buyers still tend to learn from others’ past experiences through word of mouth, digital platforms have taken this to a whole new level, by enabling consumers to access thousands of reviews before deciding to purchase a good or service. For example, Uber’s bi-directional rating system allows Uber riders and drivers to rate their counterpart following a ride, thereby encouraging good service, with just under 80% of Uber riders rating their rides at 5 stars, the highest possible rating (Deloitte Access Economics, 2016). This helps to build trust in a product and its supplier, facilitating transactions, particularly in the service industry, that may not have otherwise occurred.

In another example, the digital platform Airtasker connects people who need to outsource tasks and find local services with people who are available to help. The reviews provided on the platform can provide the trust required for both the customer and service providers to connect with strangers. To date, Airtasker has created \$81 million worth of jobs for the Australian economy, with the average price of a job varying from \$80 - \$100 (Airtasker, 2016).

Significant research has been undertaken on the effects of positive and negative reviews on service provider and consumer behaviour. The biggest travel review website, TripAdvisor, receives 115 reviews on hotels, restaurants and attractions every minute and an interesting pattern that has emerged, as a result of TripAdvisor, is that those listed tend to take action in order to garner good reviews resulting in better services being provided and better reviews (Business Insider, 2015). Through its peer review system, TripAdvisor has created a positive feedback loop.

It is acknowledged that peer review systems are not infallible and issues still arise resulting in poor outcomes for both service providers and customers. However, the overall information that peer review systems provide do result in a greater number of market transactions and have facilitated the necessary trust for digital platforms, like Uber and Airbnb, to exist.

Airbnb – a trusted platform connecting strangers

The rapid rise of Airbnb demonstrates a significant shift in how people connect and share their space. While people's homes often are their most private and valuable places, Airbnb has provided hosts with the confidence to open up their homes to visitors from all over the world.

Brent Thomas, Head of Public Policy Australia and New Zealand at Airbnb, recognises the role of Airbnb's trusted platform and review systems in facilitating transactions. "Airbnb's 'double-blind' review systems are only open to actual hosts and guests, meaning that the reviews are from genuine users."

Trust is built between parties in a number of ways. The communication channel on the platform allows hosts to communicate with and ask questions of their guests before accepting them into their home. For the guests, the platform provides further information on the host and listing with a breakdown of ratings by accuracy, communication, cleanliness, location, check in and value.

"Airbnb takes pride in the system and has also made the conscious decision not to manipulate how reviews are displayed." All appropriate reviews are presented and are not sorted by rating. This hands-off approach to reviews ensures guests are getting unbiased information.

"Airbnb's trusted platform has broken down the barriers of distance, cultures and languages between people. In the last 8 years, Airbnb has facilitated more than 150 million happy travellers, with 130 million of those since 2014. The trust built via the platform and review system has achieved a tipping point and a virtuous circle of trust, now making accommodation sharing mainstream".

5 Increasing workforce participation

Having the right job at the right time is important for our economy, society and the individual. It allows for our society and economy, which relies on a broad range of skills and occupations, to function smoothly and it also has a large impact on an individual's material wellbeing and financial goals (The Future of Work, 2016).

Finding the right person for a job can also be very costly – the cost of replacing one skilled employee is estimated at 75% of their annual salary (Deloitte Access Economics, 2013). These costs present high barriers to trade for small businesses whereas large businesses may find it easier to recruit.

The value of Australia's workforce, as measured by wages, represents 48% of the Australian economy (ABS Cat. 5206.0, 2015). A snapshot of Australia's workforce in October 2016 illustrates that 94.4% of Australians are engaged in employment and 5.6% are unemployed. Of those employed, 64.3% are engaged in full-time employment and 30.1% in part-time employment.

There is an increasing trend of Australians shifting from full-time to part-time employment – ten years ago 29% of the Australian workforce were in part-time employment, this figure has now increased to 32% (ABS Cat. 6202.0, 2016). The prosperity of Australia's workforce will depend on its ability to remain agile, adapt to new circumstances and embrace change.

Digital platforms make the most of the workforce by offering greater flexibility and options for potential workers. People who are unemployed, underemployed, or who may have difficulty finding traditional employment can utilise digital platforms to more effectively search for work or advertise their ability to work. For example, people with disabilities, carers, or parents of young children may need more flexible employment. Finding a job with flexible working hours is one challenge, travel to and from work is another. Running a small business from home, supported by various online platforms, can be an attractive option.

Digital platforms are an integral tool enabling Australian workers and small businesses to be agile. Around 1 million Australians are offering goods or services on digital platforms, including:

- Uber which has over 20,000 driver partners;
- eBay which has over 28,000 small businesses on its platform;
- hipages which has over 80,000 tradespeople using the site; and
- Airtasker which has over 850,000 suppliers online ready to complete posted tasks.

These digital platforms enable small businesses and entrepreneurs to exist where they may otherwise have not. Often providing a supplementary source of income, digital platforms like Uber or Airtasker allow entrepreneurs and the underemployed to play a more active role in the workforce.

Digital platforms also provide more opportunities for the unemployed to enter the workforce. For example, the flexibility and reach offered by eBay provide people in remote areas, who may otherwise have limited access to employment opportunities, access to a global market.

As such, digital platforms improve the functioning of the labour market, which is integral for the growth and sustainability of the Australian economy.

Uber – driving change in the workforce

Limited flexibility is a key barrier to finding work among members of the disability community, leading to significantly higher rates of both unemployment and underemployment. Jason Triolo, Accessibility Lead for Australia and New Zealand at Uber, explains how ridesharing provides economic opportunities for Australians living with disabilities.

“There is significant potential for people with disability to become an Uber driver-partner. It is estimated that 50% of people with a disability have a driver licence and driving on the Uber platform allows individuals to access flexible economic opportunities, earning extra money on their own schedule, something we are excited to open up to more and more people,” comments Jason.

“We are working closely with advocacy groups to understand the needs of different communities so we can ensure we’re improving our technology to meet their needs. For example, in consultation with Deaf Australia Inc. and other advocacy groups, Uber has developed features for our driver app that enables those who are Deaf or hard of hearing to use the app more easily. This includes notifying riders that their driver is Deaf or hard of hearing when they request a ride; allowing riders to contact their driver only via text message rather than phone call; and instead of emitting sounds, the app flashes to alert the driver to updates.”

As more and more Governments embrace the opportunities ridesharing brings to their cities, they are introducing regulations aimed at opening up these opportunities to different communities. However, ridesharing regulations in some jurisdictions still require drivers to undergo medical checks, with many drivers who are Deaf or hard of hearing struggling with this requirement. Uber has worked with the Deaf and hard of hearing community and disability advocacy groups to increase awareness within Governments that people who are Deaf or hard of hearing are safe drivers, and advocate for a need to update the requirements.

“Uber is actively working with the disability community in Australia to provide people with choice, independence and control over their opportunities to find work that fits around their lives by both improving technology in the Uber app and advocating for regulations that provide equal opportunities for all members of the community,” says Jason.

A focus for Uber next year will be working with the carer community to open up opportunities to access more flexible work that fits around their other commitments, and working with groups, such as Enabled Employment in Canberra, to continue to advocate for the disability community in accessing economic opportunities through ridesharing.

6 The secondary market and sharing economies

Through greater connectivity between buyers and sellers, digital platforms have also facilitated businesses that make the most of assets; the secondary market and sharing economies. The secondary market consists of sold goods where the money does not flow back to the original producer; for example the sale of second hand goods via platforms such as Gumtree. While there is no single agreed definition for the sharing economy, it may be understood as ‘an economy built on distributed networks of connected individuals and communities as opposed to centralised institutions,’ (Botsman, 2013) for example, ride-sharing or home-sharing.

The growth of the secondary market and collaborative economy has increased employment and productivity – in 2015, Deloitte Access Economics estimated that the sharing economy contributed \$504 million in value added to the NSW economy and 45,000 people earned income through digital platforms (Deloitte Access Economics, 2015a).

It is estimated that digital platforms enabled 84 million second-hand goods to be recycled last year (Gumtree, 2016). While garage sales and rubbish were previously the main ways to deal with unwanted items, digital platforms like Gumtree have enabled a greater proportion of these goods to be sold online thereby encouraging the recycling of goods and reducing landfill waste.

Gumtree’s research (2016) has estimated that the secondary market could be worth \$40 billion, based on valuing unwanted items in Australian households. Digital platforms enable this one person’s ‘trash’ to become another’s ‘treasure’. Of the one in two Australians reporting selling second hand items on Gumtree in the past year, the average total of sales was \$3,246 (Gumtree, 2016).

Digital platforms have also allowed individuals to make better use of spare capacity and assets by enabling the use of spare rooms (Airbnb), cars (Uber), dresses (Your Closet), space (Parkhound), time (Airtasker), creative talent (Redbubble) and even finance (Kickstarter). The sharing economy has enabled greater access to large capital items which may be more cost-effective for individuals or businesses to rent rather than purchase. For example, this could involve renting a car (via a platform such as Car Next Door) as opposed purchasing one and using it infrequently. From a business perspective, small businesses can be more competitive despite owning less capital, if the required assets can be alternatively accessed.

References

- Airtasker (2016), About us. Available at: <https://www.airtasker.com/about/>
- A.T. Kearney (2015) The global retail e-commerce index. Available at:
<https://www.atkearney.com.au/documents/10192/5691153/Global+Retail+E-Commerce+Keeps+On+Clicking.pdf/abe38776-2669-47ba-9387-5d1653e40409>
- Australian Bureau of Statistics (ABS, 2016), Catalogue No. 6202.0 Labour Force. Available at:
<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>
- ABS (2016), Catalogue No. 5369.0 Characteristics of Australian Exporters. Available at:
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/5369.0>
- ABS (2015), Catalogue No. 8155.0 Australian Industry. Available at:
<http://www.abs.gov.au/ausstats/abs@.nsf/mf/8155.0>
- Australian Financial Review (2015), Australian listings on Airbnb double in 12 months.
Available at: <http://www.afr.com/real-estate/australian-listings-on-airbnb-double-in-12-months-20150527-ghat2s>
- Australian Taxation Office (2017) GST on low value imported goods. Available at:
<https://www.ato.gov.au/General/New-legislation/In-detail/Indirect-taxes/GST/GST-on-low-value-imported-goods/>
- Arrow, K. (1974), The limits of organization, W.W. Norton & Co, New York.
- Billson, B. (2016) Small Business. Available at: <http://www.brucebillson.com.au/small-business/>
- Botsman, R. (2013), The sharing economy lacks a shared definition. Available at:
<http://www.fastcoexist.com/3022028/the-sharing-economy-lacks-a-shared-definition#4>
- Budget (2015), The Commonwealth of Australia. Available at:
<http://www.budget.gov.au/2015-16/>
- Business Insider (2015), TripAdvisor reviews are now so powerful they impact the tourist industry of entire countries. Available at:
<http://www.businessinsider.com.au/tripadvisor-affects-tourism-of-entire-countries-2015-3?r=UK&IR=T>
- Department of Foreign Affairs and Trade (DFAT, 2016), Trade, investment and economic statistics. Available at: <http://dfat.gov.au/trade/resources/trade-statistics/pages/trade-statistics.aspx>
- Deloitte (2011) The Structure and Performance of the Australian Retail Industry. Available at: <http://www.pc.gov.au/inquiries/completed/retail-industry/submissions/sub110-attachment.pdf>

- Deloitte (2014) The Deloitte Consumer Review. Available at:
<https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/consumer-business/consumer-review-8-the-growing-power-of-consumers.pdf>
- Deloitte (2015) The Connected Continent II. Available at:
<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economics-connected-continent-ii-2015-300315.pdf>
- Deloitte Access Economics (2015a), The collaborative economy. Available at:
<https://www2.deloitte.com/au/en/pages/economics/articles/collaborative-economy-unlocking-power-of-workplace-crowd.html>
- Deloitte Access Economics (2015b), The sharing economy and the competition and consumer act. Available at:
<https://www.accc.gov.au/system/files/Sharing%20Economy%20-%20Deloitte%20Report%20-%202015.pdf>
- Deloitte Access Economics (2016), Economic effects of ridesharing in Australia. Available at:
<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economic-effects-ridesharing-australia-010216.pdf>
- eBay (2016), Small Online Business Growth Report – towards an inclusive global economy. Available at: https://www.ebaymainstreet.com/sites/default/files/ebay_global-report_2016-4_0.pdf
- eBay (2013), Commerce 3.0 enabling Australian export opportunities. Available at:
https://www.ebaymainstreet.com/sites/default/files/eBay_Commerce-3.0_Enabling-Australian-Export-Opportunities.pdf
- Gumtree (2016), The second-hand economy.
- NAB online retail sales index (2016), In depth report. Available at:
<http://business.nab.com.au/nab-online-retail-sales-index-june-2016-17897/>
- OECD (2014), Regulatory reform and innovation. Available at:
<http://www.oecd.org/sti/inno/2102514.pdf>
- Roy Morgan Research (2015), State of the nation: Australian retail. Available at:
<http://www.roymorgan.com/findings/6591-online-shopping-in-australia-june-2015-201512012314>
- The Conversation (2015), Turnbull's 'agile' government borrows from his IT past. Available at: <http://theconversation.com/turnbulls-agile-government-borrows-from-his-it-past-47568>

Limitation of our work

General use restriction

This report is prepared solely for the use of eBay. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose as outlined in our engagement letter. You should not refer to or use our name or the advice for any other purpose.

Contact us

Deloitte Access Economics
ACN: 149 633 116

Level 14
225 George St
Sydney NSW 2000

Tel: +61 2 9322 7000
Fax: +61 2 9322 7001

www.deloitteaccesseconomics.com.au

Deloitte Access Economics is Australia's pre-eminent economics advisory practice and a member of Deloitte's global economics group. For more information, please visit our website www.deloitteaccesseconomics.com.au

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 200,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 6,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2017 Deloitte Access Economics Pty Ltd