



Election 2016: The Rise Of The Sharing Economy

Findings:

- Campaigns have increased their use of sharing economy companies, adopting some of their services for the first time.
- Market demand for car services had the largest increase cycle-to-cycle since 2010.
- Even though overall demand for rides has increased significantly, the average cost per ride has decreased.
- Both Hillary Clinton and Donald Trump’s campaigns used ridesharing more than taxis.
- Peer-to-peer adoption is not ideologically based, as the data show consistent use across both parties.

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IT will come as a shock to no one that 2016 was a year of disruptive political campaigns. That disruption was on continual display for all to see, but what many didn’t witness was the transformation taking place behind the scenes as campaigns around the country began to adopt peer-to-peer services from car rides to lodging.

In 2014, Hamilton Place Strategies [examined](#) the role the sharing economy played in the election cycle, and we found Uber became the service of choice for low-cost rides. As we suspected, Uber’s rise was just the beginning of a larger trend toward the use of sharing economy services. Traditional congressional and presidential campaign infrastructure has been poised for transformation, and the 2016

election cycle saw campaigns adopt even more of these innovative services.

Data show Uber continued to grow in usage during this election cycle and was joined by Lyft, Airbnb, and HomeAway, which all appeared

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on congressional and presidential campaign spending reports for the first time. Not only does this underscore an interesting dynamic in which legislators are some of the sharing economy’s best customers, but it also signals a potential shift in the way tra-

ditional campaigns operate. As campaigns adopt more of these services, will this change the way operatives run them?

For this paper, we examined Federal Election Committee (FEC) data from the

2016 election cycle for both members of Congress and presidential candidates. We specifically looked at Uber, Lyft, Airbnb, and HomeAway, comparing them to their traditional counterparts: taxis and hotels.

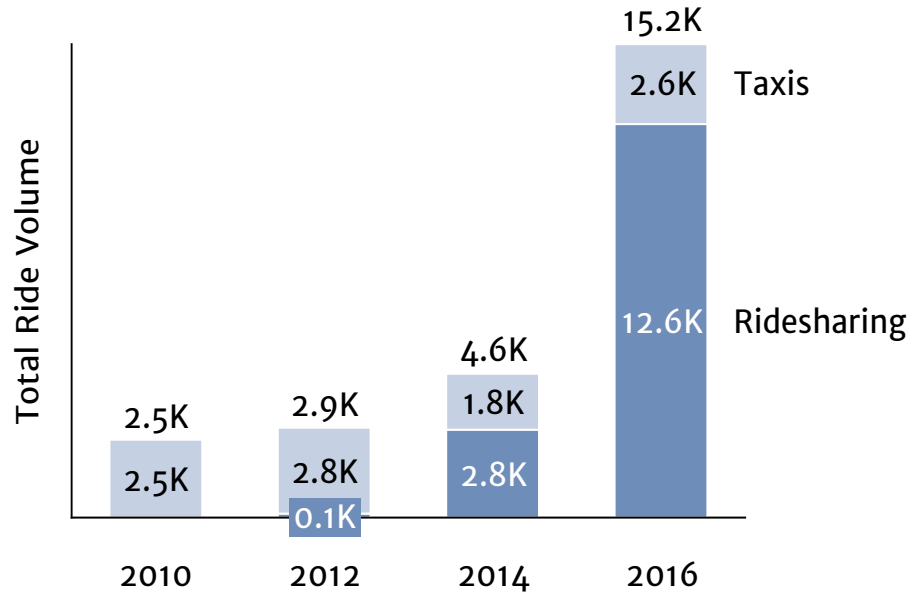
We found that 2016 campaigns used ridesharing more than taxis for rides under \$100. For lodging, campaigns largely used hotels over Airbnb and HomeAway. However, when looking across the sharing economy, the absolute dollar amount was much greater for Airbnb and HomeAway than ridesharing services. We mainly attribute this to the higher price tag for lodging when compared to car travel.

Ridesharing

The year 2014 was a pivotal moment for the sharing economy, specifically for Uber, as the company became the preferred method of transportation for rides under \$100 for congressional campaigns. Jump to 2016 and we see this trend has only gained strength as ridesharing now makes up over 83 percent of the market compared to 61 percent in 2014 [Fig. 1]. Not only did Uber rides increase during the 2016 cycle, but Lyft's appearance went from no presence in 2014 to providing 170 rides to congressional campaigns this cycle.

While overall demand for car services has increased,

Fig. 1: Congressional Trips By Ridesharing Increased 3.5 Times From The 2014 To 2016 Cycles

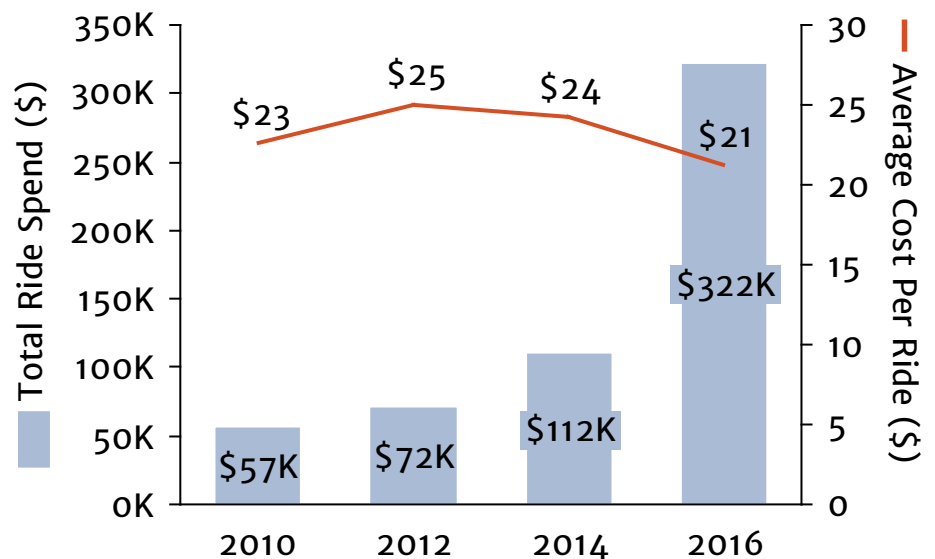


Source: 2016 FEC Data

the average cost per ride has decreased [Fig. 2]. From 2014 to 2016, congressional spending on these services increased more than 1.8 times, while the average cost per ride declined by roughly

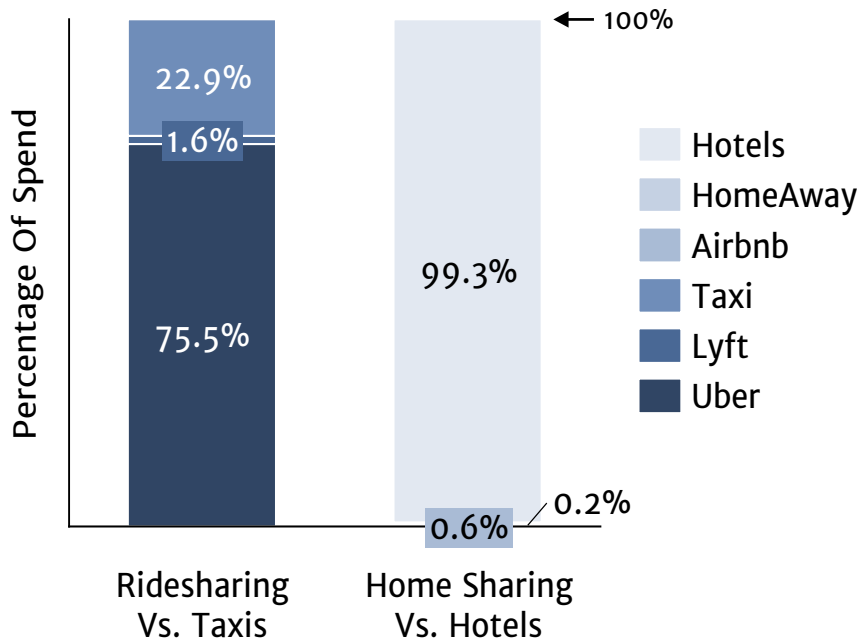
\$3.00. This uptick represents the largest increase in congressional car service spending since 2010, dwarfing the increase from 2012 to 2014. The decline in cost may signal increased use of the

Fig. 2: Congressional Spending On Car Services Increased Dramatically Between 2014 and 2016



Source: 2016 FEC Data

Fig. 3: Uber Led Car Travel For All Presidential Campaigns While Short-Term Rentals Were Used By Campaigns For The First Time



Source: 2016 FEC Data, Rides Under \$100

service for shorter trips.

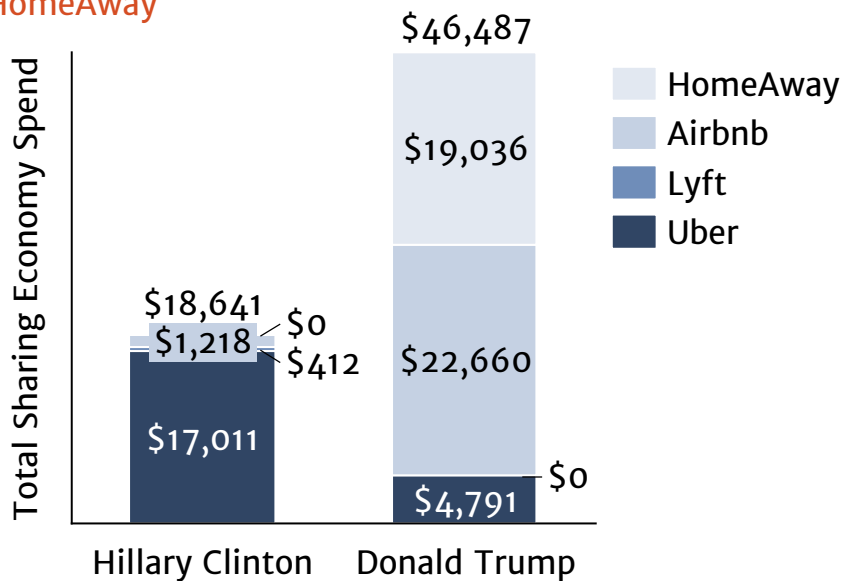
Like members of Congress, presidential candidates spent substantially more on Uber and Lyft, totaling over \$100,000 for rides under \$100. This amount was over three times the amount they spent on traditional car services [Fig. 3]. Some individual candidates, such as Jeb Bush and Marco Rubio, spent more than \$20,000 each on ridesharing services.

The major party candidates, Hillary Clinton and Donald Trump, both adopted sharing economy services in their campaigns, though they differed in their preferred service. For example, the Clinton campaign outspent Trump on Uber purchases by a factor of four [Fig. 4]. It should be noted that this

difference could be partly attributed to the size of the Clinton campaign staff, which was much larger than Trump's.

Relative to Congress, how-

Fig. 4: Clinton Spent More Than Four Times As Much On Uber, But Trump Spent Substantially More On Airbnb And HomeAway



Source: 2016 FEC Data

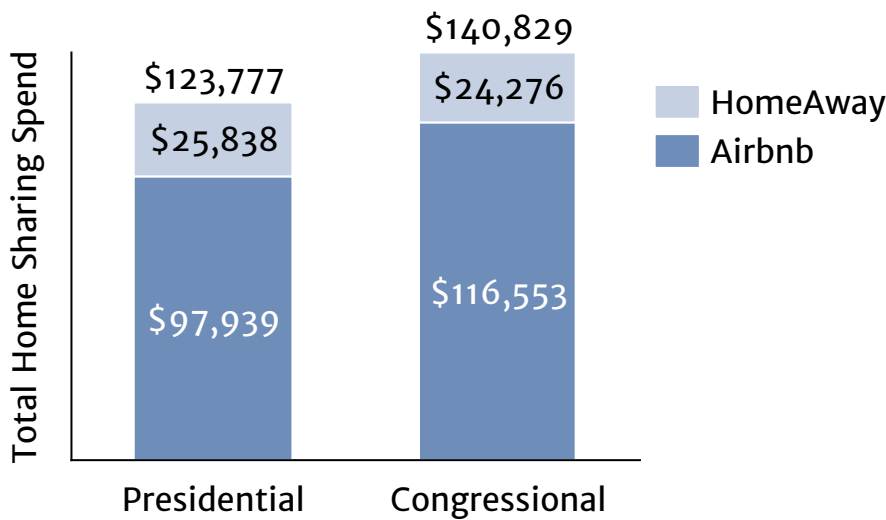
ever, both the Clinton and Trump campaigns spent proportionally less on Uber and Lyft rides than they did on taxis. Even though Clinton significantly outspent her general election rival on Uber purchases, she spent proportionally less than members of Congress in the aggregate.

Short-Term Rentals

Hotels continue to be the method of choice when campaign staff need to be away from home, but for the first time home sharing and short-term rentals have made their way into the FEC's data. For the sake of a straight comparison, HPS analyzed hotel transactions reflecting room rentals only and discounted any items incorporating auxiliary travel purchases such as airfares and meals.

Given these parameters,

Fig. 5: Presidential And Congressional Campaigns Spent More Than \$264,000 On Home Sharing Services In 2016



Source: 2016 FEC Data

congressional campaigns used hotels over 11,000 times, but previous growth in ridesharing services suggests there is a potentially significant evolution occurring within home sharing among campaigns. The fact that congressional campaigns used Airbnb and HomeAway 150 times suggests a willingness to break from traditional norms and test new ways to operate [Fig.5].

Mirroring congressional candidates' spending patterns, presidential campaigns spent more on hotels than on home sharing and short-term rental offerings. Together, the presidential candidates spent over \$120,000 on Airbnb and HomeAway. Focusing solely on the major party candidates, both the Clinton and Trump campaigns used short-term rental services, but Trump significantly outspent his

general election rival [Fig. 4].

Implications For The Future

There have been major discussions about the impact of peer-to-peer services on the economy, but less attention has been paid to the impact these same trends have on politics and government. Ridesharing's dominant presence in both congressional and presidential races reveals mainstream use and adoption across party lines. While FEC reports showed home sharing was less represented in 2016, their presence within major candidates' campaign infrastructure suggests these services may experience an increase in use during the next major election cycle.

Each election cycle reveals that startups can play a major role in transforming the high-intensity nature

of campaigns, particularly if they offer flexible services designed to cut costs and increase mobility. The possibilities extend beyond competing with taxis and hotels. For instance, campaign staff traveling the country may be able to rent a home share to live among voters in a target precinct.

Will merchants on Thumbtack be a go-to resource for IT assistance? Will Postmates fill in for the intern who has to make late night dinner runs, or pick up office supplies for a last-minute get-out-the-vote push? Will WeWork turn into the "it" place for campaign headquarters? These are just a subset of services campaigns have yet to test, not to mention the many more yet to be created. These offerings have the potential to change the way we elect our officials, and time will tell just how much of an impact these new companies will make. One thing is clear: the 2018 campaign cycle will provide the next testing ground. []

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