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The on-demand economy: Changing the way we live as we age

By Luke Yoquinto and Joseph Coughlin December 14

Companies such as Instacart, Uber and TaskRabbit may be known for their appeal to young, urban consumers, but they may soon influence older adults' lives just as profoundly. Offering alternatives to traditional, senior-oriented services, these companies stand to transform how the older demographic gets things done.

At 88, Sally Lindover already participates as both a user and a provider in what's known as the on-demand and sharing economy.

She recently signed up for home delivery services following a trip to France with a younger tour group. "I'm so competitive, of course I had to keep up with them," Lindover says. The result was some lower-back pain that made it difficult for her to walk to the grocery store when she returned home to Cambridge, Mass.

So she started using Instacart, a company that does grocery shopping for you. "I was very pleased with it. I certainly will use it again in the winter," she says. For bulky paper products and heavy household goods such as detergents, "I used a service called Jet, which is competing with Amazon — and competing very effectively, I must say — on prices."

Lindover has a long history of defying expectations about her age. In 1983, she joined the U. S. Foreign Service at age 56. "I became the oldest junior officer at the time to enter the Foreign Service and broke what was known as the age barrier for that reason," she says.

Now, living by herself in a two-bedroom, two-bath apartment, she rents out her extra room through Airbnb.

In her relationship with that company and others, she has taken a place at the forefront of a trend that's likely to change the experience of old age. In the past, when frailer, older people needed dinner provided, a ride somewhere or a light bulb changed, solutions tended to be explicitly senior-oriented: Think Meals on Wheels, paratransit services and dedicated senior living facilities. But now, on-demand and sharing-economy companies are offering those very services — and many others — to customers across the age spectrum.

It matters that they cater to all ages because consumers often avoid products and services that mark the user as old, even if that avoidance comes at the cost of quality of life. Stigma is one reason that the National Institutes of Health reports that most hearing-aid users live with hearing loss for 10 or more years before seeking help. Products and services marketed to the young and old alike, however, avoid this trap. And so older adults are now not only buying what such companies as Lyft and Instacart are selling, but also joining in as providers: driving, hosting and helping others.

Before joining the Foreign Service, Lindover, a native New Yorker, served as a Peace Corps volunteer in Malaysia and

Rwanda. Then she entered the Foreign Service and earned world-traveler status, living and working in "Burkina Faso, Egypt, Kenya," she says, pausing to look at the globe in her apartment. "India, Yemen, China, Azerbaijan, Lithuania, France, Germany, Haiti. . . . I always forget one or two. . . . Oh, Poland, of course!"

After a brief retirement in the mid-1990s, she began renting a home in Cambridge where, now fully retired, she lives with a rotating cast of Airbnb users. She doesn't worry about bringing new faces into her home, she says, "because I had so many experiences all over the world with so many people, and I have a lot of confidence in Airbnb's vetting of people."

More than half of Airbnb's hosts are older than 40, and 10 percent of them are older than 60. "Our older hosts have some of the best ratings on our site," says Anita Roth, Airbnb's head of policy research. Not only do empty-nesters tend to have extra rooms to rent, but they often also have "the life experience to know what it means to welcome someone into your home."

"I like to be here when people come in," Lindover says. "I like to see them, and they see me, and I can give them some information about the neighborhood."

Ride-hailing companies Lyft and Uber similarly rely on large numbers of older adults. Twenty-five percent of the drivers at Uber, which recently announced a partnership with AARP, are 50 or older. "We have a lot of retirees who are drivers," says Mike Masserman, Lyft's director of government relations. "They know the cities really well — they're locals, and they love sharing anecdotes," he says. "We hear from our passengers that some of our retirees are the most popular drivers."

Between 2020 and 2030, the 65-plus population in the United States will increase by 18 million people, a base that sharing and on-demand companies are eager to gain as loyal consumers. "We think there's going to be huge opportunity in this market," Masserman says. At the same time, traditional senior-oriented services are awakening to the possibility that these young tech companies may poach their customers.

"I do view it as both a threat and an opportunity," says Tom Grape, chief executive of Benchmark Senior Living, the largest provider of senior housing in New England.

The threat lies in the fact that companies such as Instacart and TaskRabbit will make it possible for some older adults to delay climbing onto the less-care-intensive rungs of senior living, instead meeting their needs via their smartphone or computer. The decision not to move to senior living "is already our biggest competitor, and of course we fully expect that technology will allow people to stay at home longer in the future," Grape says.

The opportunity comes from tech-enabled efficiencies in how a company is run, he explains — efficiencies that on-demand companies are aware of as well. Perhaps the strongest challenger to the senior living industry would be a company that could make it easier and more efficient to bring care professionals into one's home. The prospect is so enticing, in fact, that some of the best-known names in Silicon Valley venture capital have bet $20 million on a company that promises to do exactly that: Honor.

When an older adult needs help with a day-to-day activity, such as getting dressed or bathing, most professional care companies bill for a minimum of three hours of work in order to minimize travel and overhead expenses. Honor, which is now operating in San Francisco and Los Angeles, provides care professionals in one-hour increments. "It's about efficient routing, and the right people in the right place at the right time," says Seth Sternberg, Honor's co-founder and chief executive. "A bunch of technology is making it possible," he says, but "to the older person, that's all just invisible. They're just getting a better service."

Perhaps the ultimate expression of the tech company with invisible tech is Hello Alfred, which offers a personal butler — the company is named after Batman's stalwart companion — for a few hours every week. "We're oriented towards people who need help in their home or in their lives for a variety of reasons," says co-founder and chief operating officer Jessica Beck. "All the things that pile up in the back of your mind, which I can imagine, particularly as you age, go up, are some things that we can remove."

Alfreds, as the butlers are known, are available in Boston and New York. They can help out with shopping, laundry and other chores. Perhaps more important, they can take over the management of other online services. "We do interface with all the sharing economy services," says Beck, rattling off a list of names including Instacart; Airbnb; TaskRabbit, which provides workers for jobs around the house; Thumbtack and Pro.com, which connect users to local contractors; and Washio, a laundry service.

Instead of learning how to navigate a bewildering forest of companies, she suggests, people who are new to the on-demand and sharing economy "can learn one interface, and that can take care of everything on their behalf."

Regardless of how one interacts with these companies, their offerings aren't free. Some, such as Airbnb, can provide certain older adults with a welcome cash flow. But many other consumers on a fixed income will find that participating in the sharing and on-demand economy requires a significant, constant outlay — an added expense that would not be as discretionary as it might sound. To those who would otherwise be stuck at home, for instance, the cost of Uber or Lyft rides may feel far more like an essential expense than a splurge.

The price of such quality-of-life gains is something the financial advisory industry has begun tracking.

"I don't think the advisers have any way of quantifying yet exactly how much that would cost," says John Diehl, senior vice president of strategic markets at Hartford Funds. In some cases, solutions such as ride-hailing could cost less than car ownership and maintenance, he says, saving consumers money. But overall, the focus on renting, not owning, assets in the on-demand and sharing economies will translate into a need for more cash on hand than retirees currently need and less stashed away in illiquid assets such as real estate. "It's really taking the emphasis perhaps off of growth to some extent and onto income," he says, "which over the long term could cost me some return."

Lindover says that because she moved around so much in the Foreign Service, she never bought property in Cambridge, instead holding on to her apartment, whose rent has tripled over the past two decades. "My fixed income is not that high," she says. Airbnb provided "a way of helping pay the rent. And a rather pleasant way, without too much investment on my part."

“So, yeah,” she says, “I’m all for all these newfangled things that make life easier.”

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