



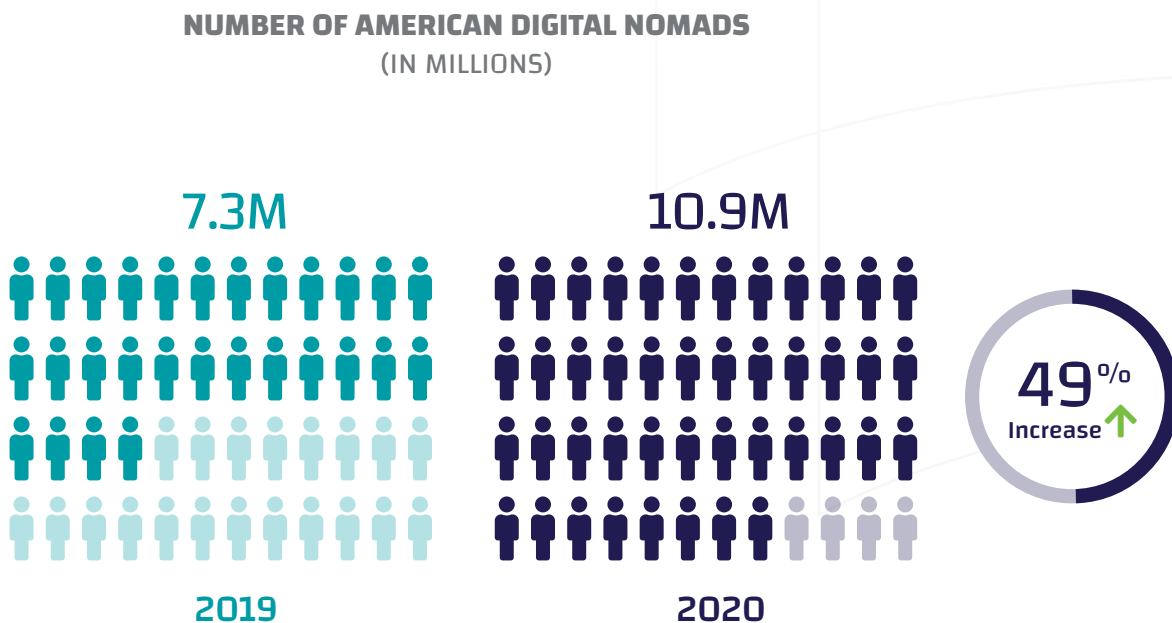
COVID-19 and the Rise of the Digital Nomad

Excerpted from the 2020 State of Independence in America Report

In 2020, the U.S. and the entire world witnessed a seismic shift toward remote work, accelerated in large part due to the COVID-19 pandemic. This shift has impacted the experience of the full-time worker, further boosting the population of American digital nomads. Before the pandemic, only about 7 percent of U.S. workers worked full-time at home.¹ Yet, according to a Stanford University study conducted this summer, the number is now approaching half of all workers. In July 2020, 42 percent of American workers reported working from home full-time.²

The population of digital nomads in the U.S. also rose dramatically—with an increase of nearly 50% from 2019. Digital nomads are defined as people who choose to embrace a location-independent, technology-enabled lifestyle that allows them to travel and work remotely, anywhere in the Internet-connected world. Unlike regular remote workers, who tend to stay in one geographic area, digital nomads travel and explore while working.

The MBO Partners' 2020 State of Independence research study found that 10.9 million American workers currently describe themselves as digital nomads, an increase of 49 percent from 2019.



1 DeSilver, D. (2020, March 20). Before the Coronavirus, Telework Was an Optional Benefit, Mostly for the Affluent Few. <https://www.pewresearch.org/fact-tank/2020/03/20/before-the-coronavirus-telework-was-an-optional-benefit-mostly-for-the-affluent-few/>

2 Bloom, N. (2020 June). How Working From Home Works Out. <https://siepr.stanford.edu/research/publications/how-working-home-works-out>

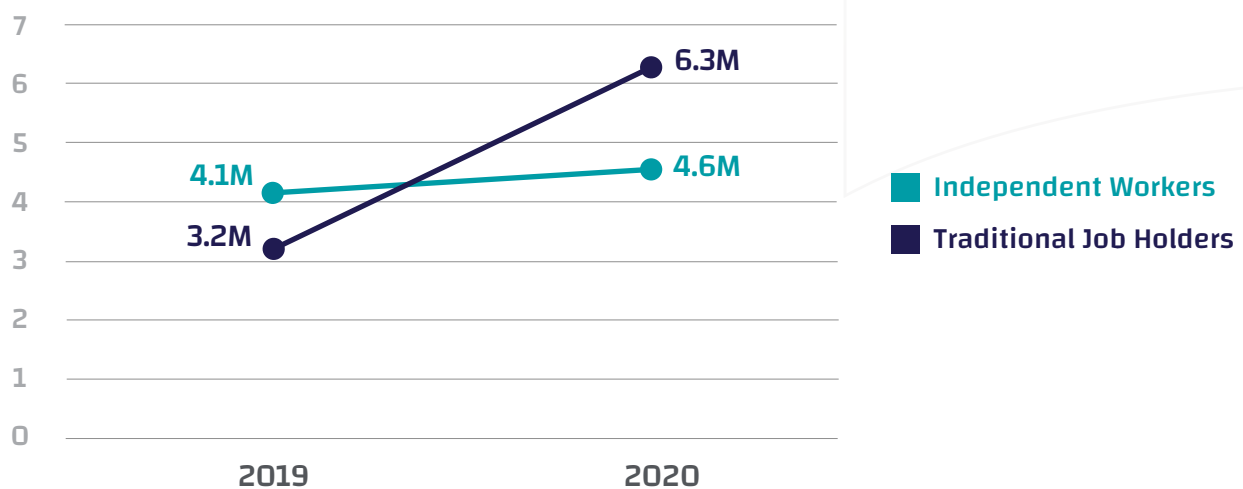
MEET THE DIGITAL NOMADS

Digital nomads defy a single definition, but all meet certain criteria, namely that they combine working remotely and traveling for various reasons and lengths of time. Some digital nomads travel for years, regularly moving across countries and continents. Others are nomadic for shorter periods, taking “workcations” and working sabbaticals lasting from several weeks to many months. Some travel the globe, but many (and many more today) never cross a border, choosing instead to live and work while exploring a single location or country. United by a passion for travel and new adventures, digital nomads enjoy the ability to work anywhere they can connect to the Internet.

The COVID-19 pandemic resulted in major changes in the make-up of digital nomads. The biggest shift is that traditional job holders have been unleashed from their offices and many, instead of staying in one place, are taking to the road. In 2020, the number of traditional workers working as digital nomads grew 96 percent, from 3.2 million to 6.3 million.

The number of digital nomads who are independent workers (freelancers, independent contractors, etc.) also increased, but by a relatively modest 12 percent. Independent workers already had substantially more location freedom than traditional job holders, so the impact of COVID-19 on where they worked was less pronounced.

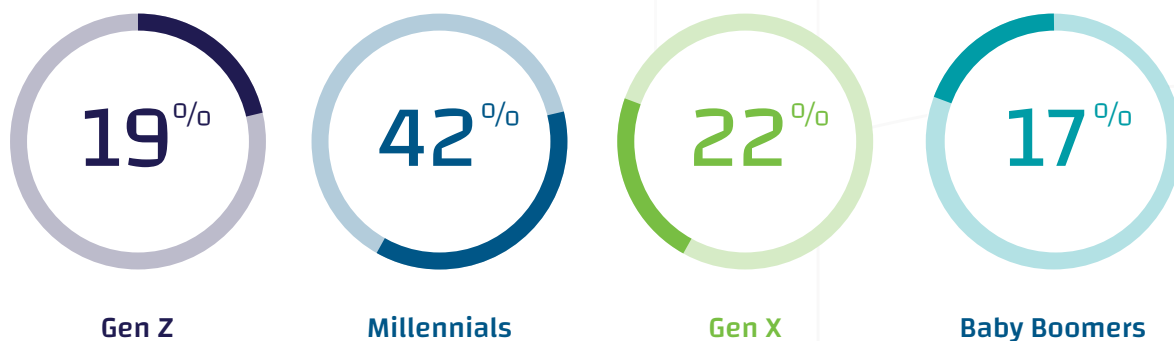
NUMBER OF TRADITIONAL JOB HOLDERS AND INDEPENDENT WORKERS WHO ARE DIGITAL NOMADS
(IN MILLIONS)



COVID-19 also impacted the demographic mix of digital nomads. The share of Baby Boomers fell from 27 percent of digital nomads in 2019 to just 17 percent in 2020, and Gen X's share fell from 25 percent to 22 percent. This was likely due to older workers being more concerned about COVID-19 and their greater risk of serious illness, making them temporarily less interested in a nomadic lifestyle and more comfortable staying at home. The younger generations, Gen Z and Millennials, increased their share from 48 percent to 62 percent. In addition to being less cautious than older workers, Gen Z and Millennials generally have more location flexibility due to their life stage.

Although digital nomads have gotten younger overall, older age groups continue to be well represented, with 28 percent aged 45 or older and 8 percent aged 65 and older.

DIGITAL NOMADS BY AGE COHORT



Digital nomads work in a wide variety of fields, including information technology (12 percent), education and training (11 percent), consulting, coaching, and research (11 percent), sales, marketing, and PR (9 percent), and creative services (8 percent) with other fields represented relatively equally. The unifying theme of these professions is that they can be performed remotely using digital tools and the Internet. From a gender standpoint, more men pursue digital nomadism than women, with a 59 to 41 percent split, consistent with 2019 results. The racial make-up of digital nomads mirrors the U.S. population, which is 70 percent white, 14 percent African American, 7 percent Hispanic, 7 percent Asian, and 2 percent from another background. This is statistically consistent year-over-year.

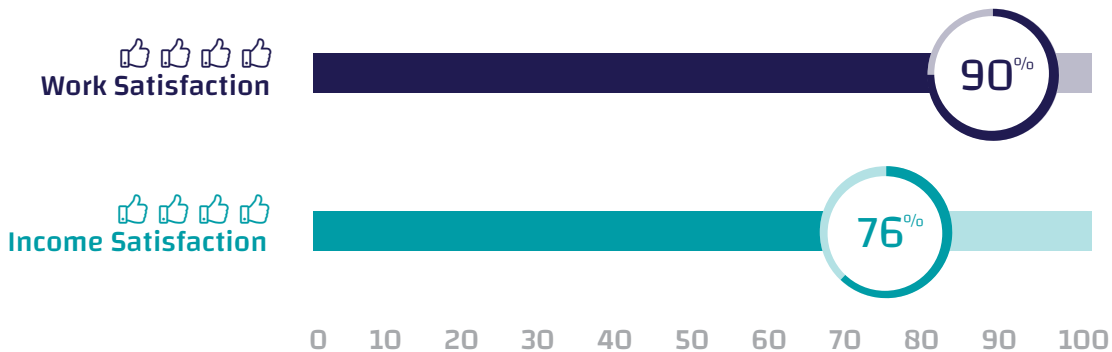
DIGITAL NOMADS: HAPPY AND HERE TO ROAM

Most digital nomads report being highly satisfied (81 percent) or satisfied (9 percent) with their work and lifestyle. Although many (34 percent) plan to be nomadic for less than one year, just over half (53 percent) report they plan to continue as digital nomads for at least the next two years, indicating that numbers and interest in this way of work will continue, if not grow, in coming years. Independent or self-employed workers are also much more likely to report planning to continue as digital nomads for at least the next two years (62 percent) than compared to traditional workers (41 percent).

Notably, nearly half of traditional workers (47 percent) report they plan to be nomadic for less than one year. Based on interviews, many in this group believe at some point over the next year they will be asked to return to the office at least part-time, which would curtail their ability to be nomadic.

Because digital nomads are a mix of full-timers (70 percent) and part-timers (30 percent) and many only do it for part of a year, their income varies widely. One in four (26 percent) report earning less than \$25,000 per year. But 38 percent, or about 4.1 million, say they earn \$75,000 or more. Regardless of how much they make, most digital nomads are satisfied with their earnings. Almost 3 out of 4 (76 percent) report either being very satisfied (40 percent) or satisfied (36 percent) with their income, regardless of how much they earn. This is slightly higher than the income satisfaction reported by workers who aren't digital nomads. This is likely due to the fact that digital nomads focus not just on earnings, but also on the journey. In interviews, digital nomads often say they're satisfied with their income as long as they earn enough to support their travels. Notably, because digital nomads skew younger vs. older, it is likely that some, if not a large portion of workers, are working because they wish to do so. For instance, they may be pursuing a passion project or working to stay busy and earn extra income in retirement instead of merely working to take home a paycheck.

DIGITAL NOMADS REPORT HIGH LEVELS OF WORK AND INCOME SATISFACTION (PERCENT REPORTING BEING HIGHLY SATISFIED OR SATISFIED)



To help stretch their income, many if not most digital nomads work from places with relatively low costs of living. At the same time, they often virtually serve customers in higher-wage labor markets. Combining low-cost living with earning income at the wage rates of higher-cost locations, they're able to take advantage of what's known as geoarbitrage. Popularized by Tim Ferriss' best-selling book *The 4-Hour Workweek*, geoarbitrage enables digital nomads to fund their travels and spend less time working to support themselves and more time enjoying their adventures.

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In prior years, this has meant working from low-cost countries like Thailand, Costa Rica, or Vietnam while serving customers in the U.S. This year, however, due to COVID-related travel restrictions, this has meant traveling from higher-cost cities like New York and San Francisco to lower-cost areas in U.S. Cities like Boulder, CO, and Austin, TX as well as resort areas like Boca Raton, FL and Bozeman, MT.

HOW COVID-19 HAS IMPACTED DESTINATIONS FOR DIGITAL NOMADS

COVID-19 has changed what it means to be a digital nomad. International flight and travel restrictions have made it harder to travel abroad, while health and healthcare concerns have also made travel less attractive. Because of this, only 1 out of 4 (24 percent) American digital nomads said they plan to travel internationally over the next year. Instead, a resounding majority (76 percent) of American digital nomads are exploring U.S. Most (52 percent) are also reporting they plan on visiting fewer locations but spending more time at each stop, which is consistent with trends in the travel industry as a whole. Relatedly, 41 percent report they are spending less time traveling. And 40 percent report that, while they are traveling, they tend to stay closer to home to be near family and healthcare providers.

THE VANLIFE MOVEMENT

In 2020, we looked at the VanLife movement for the first time. VanLifers are digital nomads who travel in vehicles that have been converted into roaming residences. We found that 17 percent of American digital nomads—about 1.9 million people—are VanLifers.

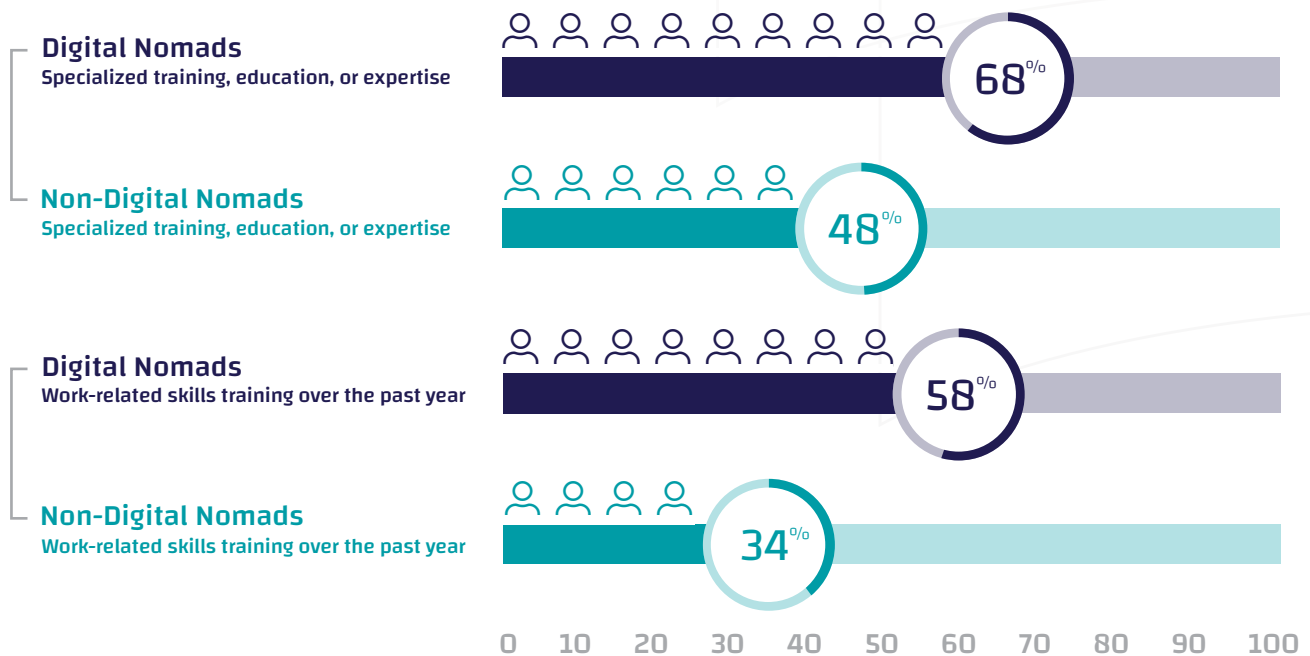


Driving around in a van or RV has several clear advantages during a pandemic. You don't have to get on airplanes, and you don't have to stay in hotels or other places where you could be exposed to the virus. Vans and RVs can also access national parks and outdoor or remote areas where infection risk is low.

DIGITAL NOMADS: TECHNICALLY- SAVVY, RICH IN SKILLS, AND HIGHLY EDUCATED

Since most digital nomads rely on digital tools and the Internet in their work, it's not surprising they report having stronger technical skills than those who aren't digital nomads. Seventy-one percent report using technology makes them more competitive in their work, versus 43 percent of non-digital nomads. Digital nomads are also more likely to be early adopters of technology (74 percent) than non-digital nomads (34 percent). Specialized skills are important to most digital nomads, as is learning new skills. Sixty-eight percent say their work requires specialized training, education, or expertise versus 48 percent for non-digital nomads. Fifty-eight percent also report participating in work-related skills training over the past year versus 34 percent for non-digital nomads.

DIGITAL NOMADS ARE RAPID ADAPTORS OF TECHNOLOGY (PERCENT RAPID ADAPTORS OF TECHNOLOGY)



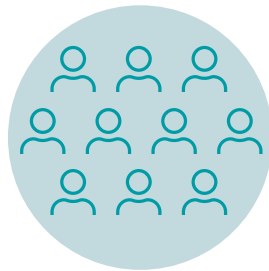
Digital nomads are also, on average, well-educated, with 57 percent having a college degree or higher (versus 35 percent for adult Americans) and 24 percent reporting having an advanced degree (versus 13 percent for adult Americans).

MILLIONS ASPIRE TO BE DIGITAL NOMADS

The digital nomad trend has attracted a lot of traditional media attention and a strong social media following. Popular digital nomad and #VanLife blogs, videos, and Instagram accounts have created a spectator sport inspired by pictures and stories of faraway places, exotic locations, and happy nomads—often with dogs—in beautiful and/or culturally happening places. Most people who follow these sites aspire to become digital nomads, and the survey results reflect this. We asked adult Americans who aren't currently digital nomads if they plan on becoming digital nomads over the next 2-3 years and 19 million said yes—an 18 percent increase from 2019—and 45 million said maybe—a 10 percent increase from 2019.

10.9 MILLION PEOPLE ARE DIGITAL NOMADS

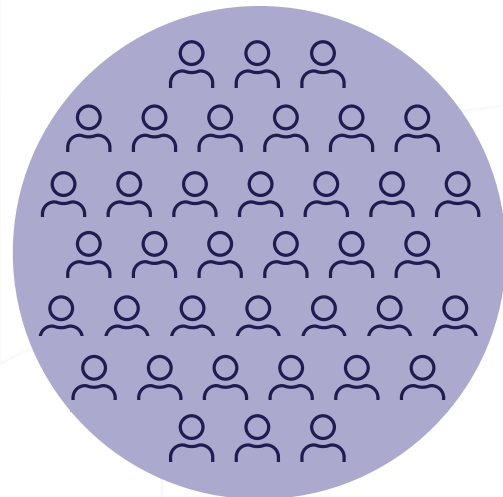
(UP FROM 7.3 MILLION IN 2019)



19M

(UP 18% FROM 2019)

Those planning on becoming a digital nomad over the next 2-3 years



45M

(UP 10% FROM 2019)

Those who may become a digital nomad over the next 2-3 years

Despite their aspirations, most of these people will not become digital nomads. Instead, they will continue to be what we call “armchair digital nomads,” those who follow the exploits of others instead of becoming digital nomads themselves. However, this data shows how extensive the interest is in this lifestyle. It also shows how the shift to remote work, especially for traditional jobholders, is making the idea of becoming a digital nomad more popular.

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THE FUTURE OF NOMADISM

The pandemic-induced shift to remote work has taught businesses of all sizes that remote work works. This has led to broad support from executives, managers, and workers to continue allowing both flexible work schedules and remote working arrangements after the pandemic ends.³ This shift is impacting the digital nomad trend in three major ways.



More traditional employees will become digital nomads:

Corporations have been hesitant to allow their employees to become nomadic. This has changed and a large and growing number of companies have announced plans to allow a much greater degree, of remote work long term. This gives millions of people the ability to become more nomadic—and as this year's data shows, many have already become digital nomads. Many more will join them in the coming years.



Closer to home travel:

While the end of the pandemic will see the return of digital nomads flying from country to country, a significant number will instead choose to stay closer to home. Many companies will likely adopt hybrid work models, and even nomadic workers will be expected to show up at the office on at least an occasional basis.⁴ Nomads will also choose relative proximity due to a need to be in a similar time zone as coworkers. These two location criteria open the door for more VanLifers and RV-based nomads.



Longer stays, less travel:

At least as long as the pandemic lasts, digital nomads will likely choose to stay put more and travel less. We expect this trend to continue even after the pandemic ends. This is due to nomads learning the advantages of exploring a place and culture in-depth. Adding to this is the less frenetic lifestyle associated with longer stays. Digital nomads also report they're more productive workwise when they travel less. Airbnb is already reporting stays of 28 days or longer is one of their fastest growing rental segments and it expects this trend to continue to accelerate.⁵

3 PwC's US Remote Work Survey. (2020, June 25). When Everyone Can Work from Home, What's the Office for? https://www.pwc.com/us/remotework?WT.mc_id=CT3-PL300-DM1-TR1-LS2-ND30-PR2-CN_FFGFY21-remotework&gclid=Cj0KCQjw-af6BRC5ARIsAALPIIWrOd_gR0unmAzDRdE9mL84sYdrWSodLwx9Ijy5QFip4_KH9dD3xEUaAmAgEALw_wcB

4 Alexander, A, De Smet, A, and Mysore, M. (2020, July 7). Reimagining the Postpandemic Workforce. <https://www.mckinsey.com/business-functions/organization/our-insights/reimagining-the-postpandemic-workforce>

5 Airbnb. (2020, August 26). Work From Anywhere: How Airbnb & Guests are Approaching Remote Working. <https://news.airbnb.com/work-from-anywhere-how-airbnb-guests-are-approaching-remote-working/>

CONCLUSION

COVID-19 and the global pandemic has accelerated and amplified existing trends towards remote and flexible work. As a subset of these trends, digital nomadism has also been accelerated and amplified. While we don't expect the number of digital nomads to continue to grow at 2020's rapid pace, we believe strong growth will continue in the coming years, allowing millions of Americans to achieve their dream of doing not just the work they love, but doing the work they love, when and where they want.

ABOUT THE STUDY

The Digital Nomads research brief is part of the 2020 MBO Partners State of Independence (SOI) in America research series. The 2020 MBO Partners State of Independence study is the 10th annual study in this series of studies on independent work in the U.S. Since 2011, more than 22,000 independent workers have completed in-depth surveys and more than 1,500 independent workers have been interviewed in-person as part of this study series.

The 2020 study is based on online panel surveys conducted by Emergent Research and Rockbridge Associates in August of 2020. This survey had responses from 3,457 U.S. citizens or those with U.S. residency status (aged 18 and older). The survey results were weighted to reflect the demographics of the U.S.

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