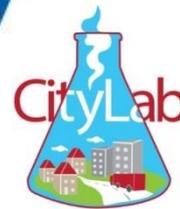


10th bi-annual Postal Economics Conference
“E-commerce, Digital economy, and Delivery Services”

On-Demand ‘Instant Deliveries’

Dr. Laetitia Dablanc
Neila Saidi

IFSTTAR, French Institute for Transport
Research, University of Paris East



‘Instant deliveries’

“Instant delivery services provide on-demand delivery within **two hours** – by either private individuals, independent contractors, or employees – by connecting shippers, couriers and consumers via a **digital platform**”

(Dablanc, L., Morganti, E., Arvidsson, N., Browne, M., Woxenius, J. The rise of instant delivery services in European cities. *Supply Chain Forum, an International Journal*, 2017)

- Large world brands: Amazon Prime Now, UberEATS
- Large Chinese brands: Meituan (Tencent), Ele.me (Baidu... Alibaba?)
- Large European brands: Delivery Hero (Foodora), Deliveroo
- Large US brands: GrubHub, Postmates, Instacart
- Many domestic brands, many start-ups in all countries

Two (theoretical) models

- DHL MyWays (Stockholm, 2013-2014): “pure” crowd-sourcing (use of available transport capacity on the way to work or elsewhere), abandoned
- Deliveroo, Stuart, UberEATS ...: use of contractors/free lancers *dedicated* to the delivery activity
- Highly competitive market, few are profitable
- New services: “Deliveroo Plus” (monthly subscription, no delivery fee)



Delivery Hero

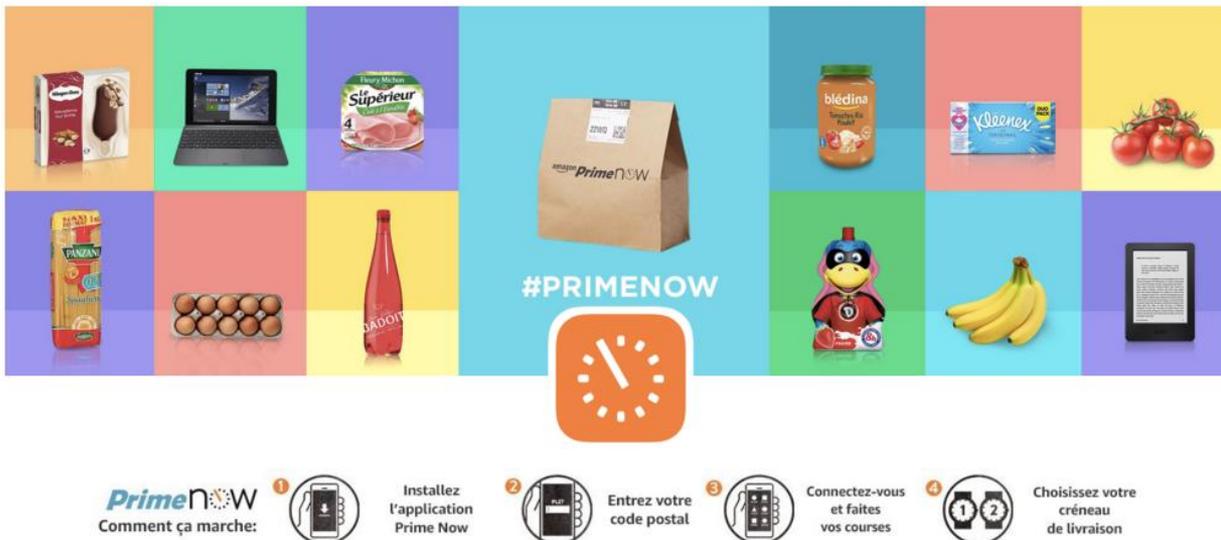


- Based in Berlin
- 40 countries (35 where it leads)
- 100,000 restaurants
- 300 million orders in 2017
- 2017 revenue: USD 400 M
- IPO in June 2017

5% of total daily deliveries in the city of Paris

- 300,000 B2B deliveries
- 100,000 B2C deliveries
- 20,000 instant deliveries

Primenow 10€ offerts sur votre 1ère commande avec le code PRIMENOW10 Voir conditions en bas de page*



A promotional banner for Amazon Prime Now featuring a grid of various products including groceries, electronics, and household items. The central focus is a brown paper bag with the Prime Now logo and the hashtag #PRIMENOW. Below the grid is a large orange clock icon. At the bottom, a four-step process explains how to use the service: 1. Install the app, 2. Enter postal code, 3. Connect and place orders, 4. Choose a delivery slot.

Primenow Comment ça marche:

1. Installez l'application Prime Now
2. Entrez votre code postal
3. Connectez-vous et faites vos courses
4. Choisissez votre créneau de livraison



Two surveys about couriers



IFSTAR

MF

METROFREIGHT
Volvo Center of Excellence

- Oct-Dec 2016 and Jan-March 2018 (on-going) towards 100 bike couriers in Paris with a questionnaire administered face to face
- 35 questions under three categories: the worker's personal situation (age, training, place of living); the facts of the job (which platforms, how many hours, what revenue); and the worker's perception of the job's benefits and challenges

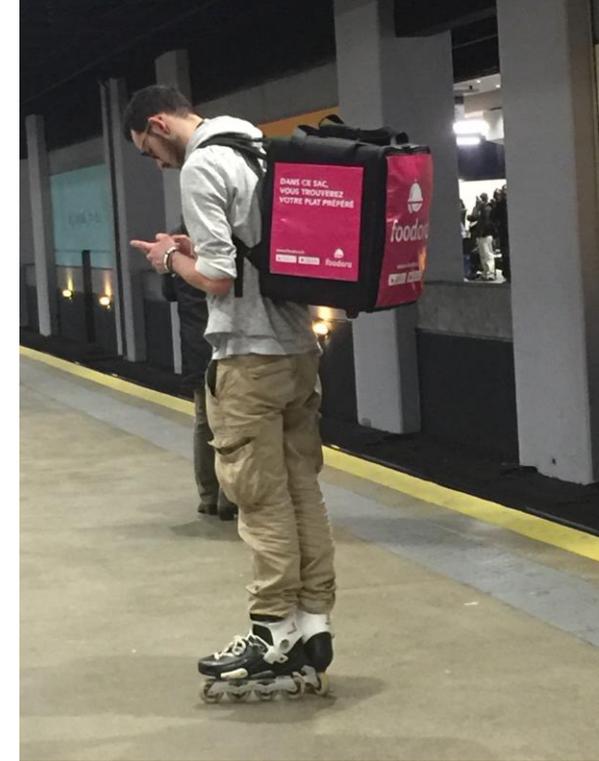


87% bicycle

8% scooter/motorbike

5% other (rollers, private car,
cargocycle)

- Share of scooters has increased to 16% in second survey
- NB: in France, the use of a motor vehicle (incl. scooters) requires a freight transport licence



Two “generations” of couriers



The “dilettantes”

56% of first survey’s sample

Students

Bicycle/sport lovers

Part time job

Live in Paris

The “newcomers”

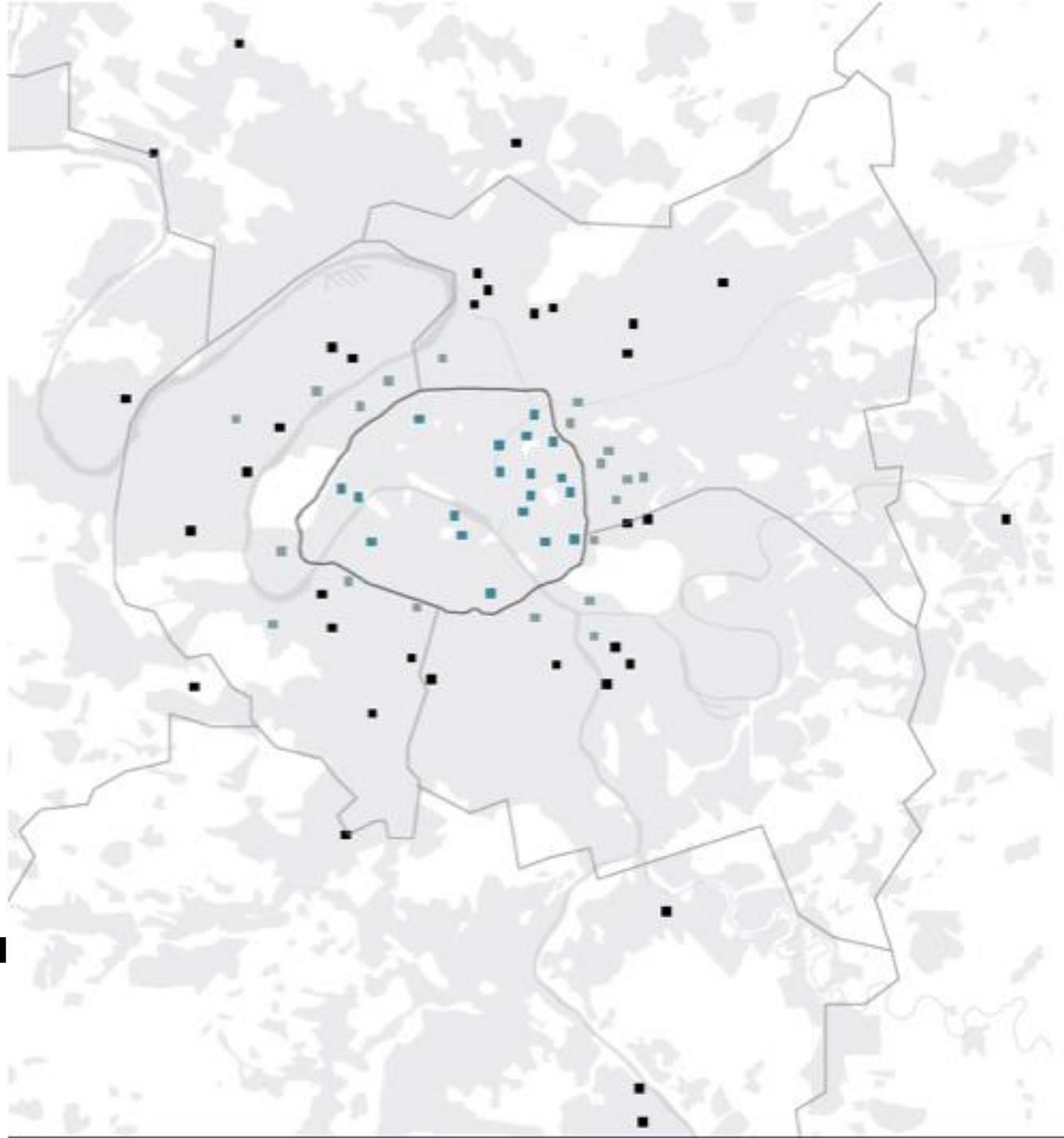
26% of first survey’s sample (much more in second survey)

No high school education

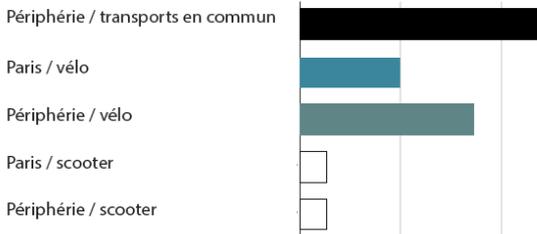
Full time job

Mostly suburban minority neighborhoods kids

- 79% do not live in Paris
- Including 65% who use public transport (carrying their bikes)



Domicile / mode de transport



Main items of concern for couriers

- Rain, cold, bad weather conditions (21%)
 - Problems with app, GPS or smartphone battery (20%)
 - Congestion, pollution and traffic (19%)
 - Bicycle theft and bike problems (13%)
 - Lost time waiting for the order at restaurants (12%)
 - Bike lanes (absent or ill-conceived) (7%)
 - Other (8%)
- In new survey: first comes traffic safety, second comes difficulty using public transport to reach place of work



Road safety

- Invisible issue, no distinction b/w bike accidents for passenger trips and delivery activities
- City of Paris released data in a technical meeting in 2017 (26 hurt in 2016, 25 hurt in 2017), but incomplete
- Companies increasingly provide insurance coverage



Labour issues

- ‘Gig’ economy’, dependence/independence, poor working conditions
- Protests, strikes
 - Paris: summer 2017 (Deliveroo)
 - Milan: October 2016 (Foodora)
 - UK: summer 2016 (Deliveroo)
- Difficult to organize collective groups
- Strategies from groups and established unions: in the US, lawsuits for reclassification of independent workers as employees (with benefits); in Europe, claiming higher fees and cheaper insurance, paid training as free lancers

Recent cases



- France, Appeal Court, November 2017, Deliveroo: there is no subordination nor economic dependency
- UK, Central Arbitration Committee, January 2018: Deliveroo couriers are not workers (so no holidays, no minimum wage)
- UK, March 2018, Independent Workers Union of Great Britain recognized as a valid representative body
- US: lawsuit against Amazon and its contractor Scoobeez in Orange County

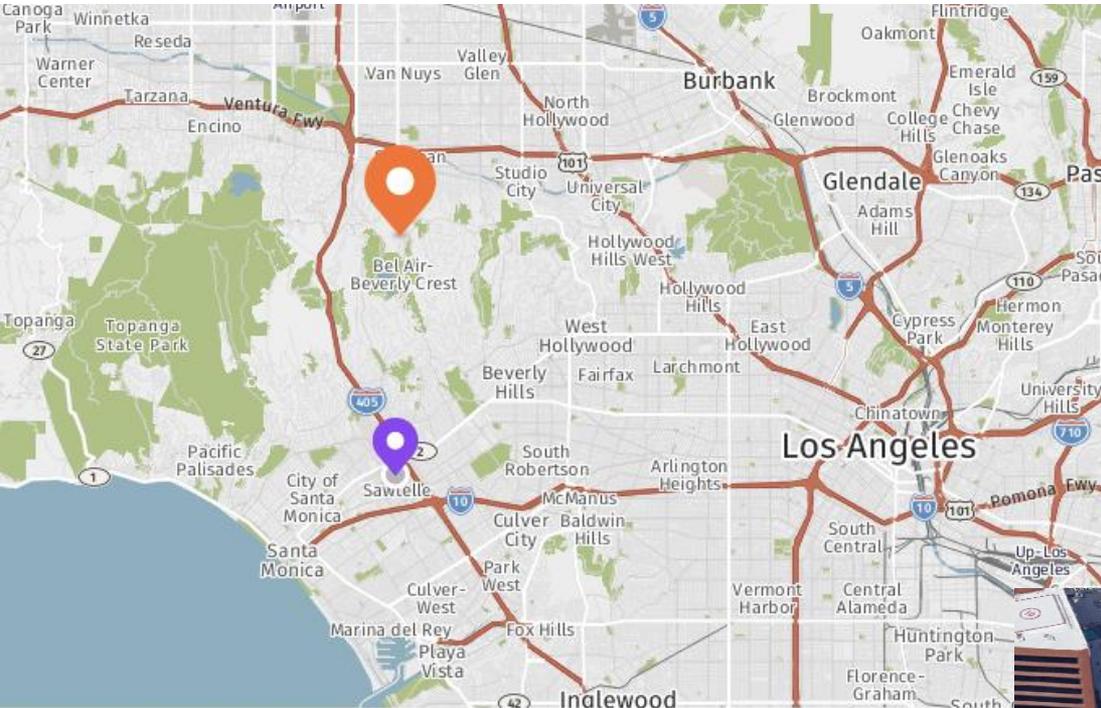
Alternative platforms?

- Urb-It: only by foot or public transport, strict selection, 50% women
- Applicolis: associated with a cooperative, couriers can become partners (by buying social shares)
- Niches – difficult business model

Mayors' perceptions

- *“This is retail, even if they pretend they do logistics, and they put Paris local retail in danger. I want them to be ruled under the retail urban planning legislation”* (Anne Hidalgo, Paris, June 2016)
- *“Being the fourth city in Europe chosen by Amazon confirms that our city is open to the economic dynamism that Amazon Prime Now brings to Madrid”* (Manuela Carmena, Madrid, July 2016)

Spatial footprint

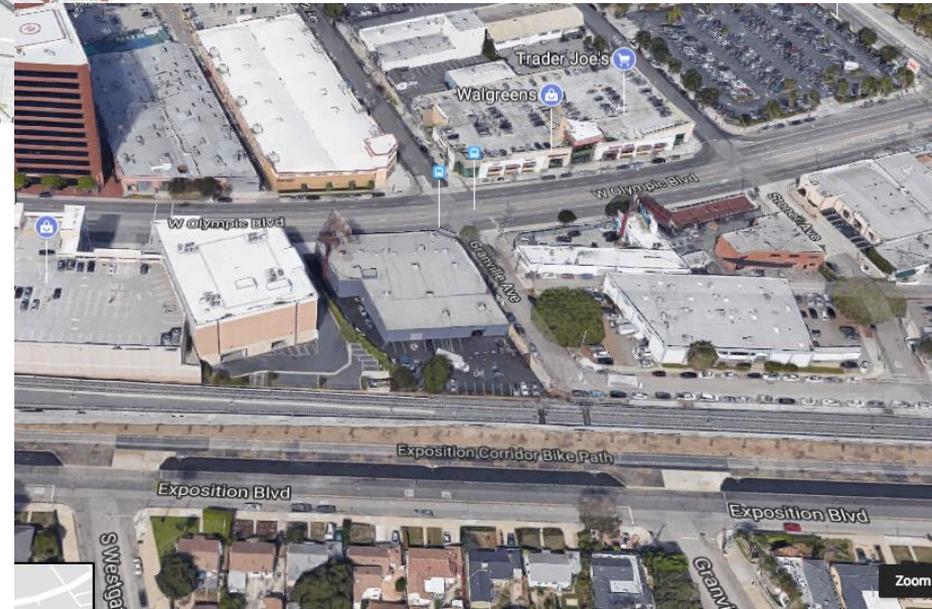


In L.A.

Delivery time: 4:00 - 6:00 PM



Thanks, laetitia! Your Amazon order is being prepared



*In
Barcelona*



on a former
printing
facility



Need for 400 micro-hubs in Beijing for JD

- Deliveries by electric scooters (+ some robots and drones)



'Reintroduction of logistics facility in Paris



Conclusion

- **Demand** for instant deliveries likely to keep growing
- “Low cost-low price” industry: consumers reluctant to pay
- Supply is abundant but unstable, **business models** constantly adapt
- Access to **investors**? Bankruptcies and mergers?
- **Partnerships** with large shippers (Postmates and Starbucks, Stuart with Poste group, Franprix, Top Chrono with Amazon)
- **Reputation** and need to fidelize couriers
- **City policies** will need to adapt: data collection, zoning and planning, urban warehouses, traffic regulation
- Many opportunities for **research**, especially about impacts on traffic and urban mobility, sustainability

Resources

- CITYLAB Observatory of Strategic Developments impacting urban logistics
(http://www.citylab-project.eu/deliverables/D2_1.pdf)
- www.metrotrans.org/metrofreight
- VREF report:
<http://www.vref.se/download/18.1ffaa2af156b50867485a23/1471930170757/Why-Goods-Movement-Matters-SPA+--+June+2016.pdf>
- Dablanc, L., Morganti, E., Arvidsson, N., Browne, M., Woxenius, J. The rise of instant delivery services in European cities. *Supply Chain Forum, an International Journal*. 2017