

Logistics, an urban activity that comes to the forefront during the Covid 19 crisis

A note¹ on the French situation

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NB: France has been on full lockdown since March 16, 2020, except for essential activities. Food outlets and pharmacies remain open and e-commerce is fully allowed.

Summary. In times of a lockdown, logistics becomes a priority activity, or rather, while it has always been strategic for cities, it becomes more visible. The streets are dedicated to urban services and goods vehicles. And yet, logistics mobility, overall, has declined as a result of the reduction in orders. E-commerce has only very partially replaced in-store shopping. The impact of the crisis on transport companies is strong and is reflected in the disorganisation of flows, which has an impact on route optimisation. There are more empty returns. A barometer of urban logistics in times of lockdown was set up among a panel of companies, digital platforms and self-contracted delivery workers in the Paris metropolitan area: it is sometimes the unpredictability of orders (in volumes, in types of goods) that is the most complex to manage. Start-ups of innovative urban logistics services have seen their sources dry up and need to reorganise their activities. Instant meal deliveries have fallen sharply but could pick up again following the reopening of delivery services by restaurants and fast-food chains. The situation of gig delivery workers, who are highly exposed economically during the crisis, is being raised in the pre-crisis context of case law decisions on employment contracts for digital mobility platforms. Logistics activity in Paris is also experiencing recruitment problems. They concern employees, but also gig workers, temporary workers and last-mile subcontractors. It should be noted that urban logistics service providers have taken numerous initiatives and participated in several charity operations. In conclusion, containment and the health crisis show the flexibility of the organisation of goods distribution in dense urban areas, while putting many urban logistics issues on hold. Beyond the economic recession that is taking hold, with the transport sector already deeply affected, the post-Coronavirus era is also shaping up to be a time when we will be questioning our ways of doing things in many dimensions of economic and social life, particularly in the management of strategic sectors and their supply chains. In this context, will urban logistics issues be treated as business as usual or will they be seen in a new way? Discussions are emerging on the role that technology should play in urban supply management (robots, drones, freight flows' big data connected with those of the smart city) to make it more efficient and ready for the next emergency. But let's also think about more modest issues on which progress has remained surprisingly slow. What will happen to clean deliveries? Confined urban dwellers have developed a taste for less polluted and quieter city streets, and municipalities must improve the carbon footprint of city logistics. Will innovations in logistics real estate and its urban planning (such as new eco-compatible multi-storey urban warehouses) be accelerated? Finally, let's bet that improving the status, working conditions and remuneration of urban delivery drivers will be one of the most discussed issues in post-confinement urban logistics, especially the needs for professional training and collective representation, which were just beginning to be discussed before the crisis.

In times of a lockdown, logistics becomes a priority activity, or rather, while it has always been strategic for cities (Goods in the City, Terra Nova, 2017) it becomes more visible. This visibility is sometimes very concrete: the streets now give pride of place to urban services and goods transport vehicles, from bicycles and mopeds for instant delivery to semi-trailers of pallets for supermarkets, whose delivery times have been extended in many cities.

Apparently more present in the public space and much discussed in the media and social networks, **mobility linked to logistics** has in fact decreased since the beginning of the

¹ This is a translated and revised version of the original French note that will be published for the think tank Terra Nova. The translation made use of DeepL Translator.

lockdown. According to the French National Road Transport Federation (FNTR)², 59% of its members' trucks no longer circulate due to lack of orders. The main reason for this drop in flows is of course the **evolution of demand**. Since mid-March 2020, there have been sharp and unusual variations in delivery orders and overall a fall. Let's remember that 17% of the population of the Paris metro area left the region when the confinement was announced (figures from Orange), while tourists no longer come and many businesses are closed: mechanically, the demand for goods, particularly in the major cities, is falling because there are fewer people asking for them; and households in confinement seem to consume less than in normal times: according to the French National Institute for Statistics, for the last week of March, consumption fell by a third for non-food products, with rates ranging from 70 to 90 or even 100% for goods and services such as clothing and restaurants. **E-commerce has only very partially replaced** purchases in stores³. For non-food orders, overall volumes remained stable but with very contrasting trends depending on the product. Food e-commerce is experiencing much more contrasted temporal trends. It doubled in the first week of the containment period, only to fall back to "only" +50%, compared to the pre-crisis situation, during the second week. The overcrowding of orders and the scarcity of delivery slots, as witnessed by many customers, may have slowed down the desire for orders thereafter. In Paris, food e-commerce even returned to a "normal" situation in the second week, with some notable changes in the players, such as an increase in Amazon Prime Now's market share. This service, which normally offers delivery in one or two hours, has seen its delivery times extended considerably. Generally speaking, the above-mentioned French consumer survey (Fox intelligence) shows an **increase in delivery times**: for non-food goods, 71% of deliveries to private individuals were, at the end of March, made in more than 5 days, compared to 24% before confinement.

The **impact of the crisis on transport companies** is strong. 86% of the members of FNTR have reported a total or partial stoppage of their activity. The loss of activity is of course causing economic difficulties, which means that the sector is an active user of State-sponsored solidarity fund schemes, short-time working or state-guaranteed loans. But companies also face operational challenges, in particular the disorganisation of flows, which has an impact on the optimisation of routes. There are **more empty returns** and service times per driver have increased. Problems of congestion in order picking and receiving in warehouses⁴ are reported. Large companies are reassigning staff to the sectors most in demand, e.g. the 3PL company STEF reassigns staff from transport and storage activities in the restaurant and hotel sector to food retail and e-commerce⁵.

The '**barometer of urban logistics under lockdown**' set up since 26 March⁶ with a panel of transport companies, digital platforms and delivery gig workers identifies, on a daily basis, the challenges of urban logistics in the Paris metropolitan area. The levels of goods delivery/pick-ups activity in Paris, as in the rest of the country, are generally down sharply and are subject to variations that can sometimes be daily: actually, it is sometimes this

² Survey launched on March 21 and published on April 1, 2020 (<https://www.fntr.fr/espace-presse/actualites-agenda/enquete-fntr-impact-economique-de-la-crise-covid-19-sur-le-secteur>)

³ Fox intelligence, consumer survey, figures for the whole of France, period from 16 to 29 March 2020.

⁴ We have the testimony of an online food retailer who asked its managers and administrative staff to work in the warehouses to speed up the preparation of orders.

⁵ <https://www.voxlog.fr/actualite/4217/le-groupe-stef-a-l-heure-du-covid-19>.

⁶ Chair Logistics City <https://www.lvmt.fr/en/chaieres/logistics-city-sogaris/>

unpredictability that is the most complex issue to manage. Food is of course on the rise, but in relatively contained proportions: after a boom of a few days following consumers' hasty purchases, the situation has become a little more regular again. In Paris as elsewhere, parcel delivery has fallen, sometimes sharply despite the rise in e-commerce. Companies such as Urby, the urban logistics subsidiary of La Poste Group created to consolidate and optimise delivery and storage services in dense urban areas, speak of a "complex" situation to which it is necessary to adapt by reorganising processes and teams⁷. Some niche markets for **innovative urban logistics services** have seen their sources dry up, such as the return of packaging from small stores or the collection of bio-waste. As regards **instant deliveries** using digital apps, the situation is highly contrasted. Meal deliveries, which at a national level have fallen by almost 50% (Fox intelligence survey cited above), have been reduced to a seemingly lesser extent in Paris where a slightly larger proportion of restaurants have retained a delivery activity. Some diversifications seem to succeed, on niche products (such as pastries!). UberEats is developing deliveries for Carrefour's urban stores for hygiene, cleaning and food products. The announced reopening of online ordering services for fast food chains (McDonald's) will no doubt also contribute to the restart of meal instant delivery.

Beyond the financial situation, the problem most unanimously felt by the Paris logistics panel is the **supply of sanitary equipment for staff** or service providers. The situation has improved slightly in recent days, but companies regret the administrative uncertainties: what recommendations should be made regarding masks for delivery personnel in particular? At the same time, the **situation of self-employed delivery workers** is being addressed. Gig workers, like all small independent businesses, do not have access to the same protections as employees. But their social and economic situation is even more precarious than that of traditional urban transport and logistics providers⁸. A note from Dalloz Actualité⁹ presents in detail the differences in treatment, in the face of the health crisis, of delivery drivers (and ride sharing companies' drivers) compared to employees in the context of the decision of the Court of Cassation (highest French court) of 4 March 2020¹⁰ on the reclassification of contracts between digital mobility platforms and their providers.

Half of the companies in the Paris panel report significant **recruitment problems**. They concern employees, but also gig workers, temporary workers and especially subcontractors (transport SMEs that provide last mile deliveries). This concern has increased in recent days. The closure of many shop and post office pick-up-points¹¹ mechanically increases the delivery points to individuals and therefore the time and staff resources needed to deliver. In the final days of the panel's daily survey, the "problem of absenteeism" has increased. The

⁷ <https://www.urby.fr/a-l-heure-du-covid-19/>

⁸ Aguiléra, A., Dablanç, L., Rallet, A. (2018) L'envers et l'endroit des plateformes de livraison instantanée, enquête sur les micro-entrepreneurs de la livraison à Paris (*Upsides and downsides of instant delivery platforms, a survey of gig delivery workers in Paris*). *Réseaux*, 6. A new survey of gig workers in Paris, currently being processed, shows a very high proportion of workers renting (illegal) accounts, whose situation is even more precarious.

⁹ G. Saint Michel and N. Diaz, <https://www.dalloz-actualite.fr/flash/coronavirus-salaries-en-uber-forme#.XonXy9MzZdg>

¹⁰ Decision 374 of 4 March 2020 (19-13.316) - Chambre sociale (Decision "Uber").

https://www.courdecassation.fr/jurisprudence_2/notes_explicatives_7002/relative_arret_44525.html

¹¹ Whereas before the crisis, these two modes of parcel collection corresponded to 21% and 5% respectively of the ways Parisians had their parcels delivered (6T bureau de recherche, 2018, <https://6-t.co/e-commerce-paris-nyc/>)

Association for the Development of Professional Training in Transport and Logistics (AFT) has created a networking platform¹² to help carriers find manpower.¹³

A positive point noted by the respondents is the **improvement in traffic conditions** in the Paris region. This is confirmed by TomTom France, which at the end of March observed an unprecedented situation: Paris and the major French cities are "almost in a situation of total fluidity". On 23 March, Waze reported "only 12 traffic jams in intramural Paris compared to 4,500 on 10 March". At the same time, air quality has improved significantly¹⁴. Note the responsiveness of the municipalities, which have reorganized the regulations on deliveries to facilitate operations. However, in the panel, some negative comments on the **supply of public transport** for the movement of personnel, as well as an "abusive" enforcement of lockdown regulations on some delivery or work travel have been reported. Access to the unloading areas of goods' receiving establishments does not seem to have deteriorated, a phenomenon that is even more marked for home deliveries, with recipients obviously more present.

We note numerous initiatives and participation in several **charity operations** from urban logistics providers. For example, Courier-privé has supplied the Assistance Publique - Hôpitaux de Paris (Paris public hospitals) with unsold food and unsold goods, "delivering 8,000 meals (starters, main courses, desserts) to more than twenty hospitals in less than 4 days". The social organisation Carton-plein delivers meals to emergency shelters for the homeless. The companies involved in these operations have expressed their concern to see these initiatives better recognized and more visible. Some initiatives are listed at the national level¹⁵. **Municipalities and their economic agencies** are thinking about how to connect local shops who deliver or wish to deliver with clean delivery solution providers¹⁶, in order to share costs for shop-owners and enable urban logistics start-ups to increase their level of activity. The City of Paris is listing shops who deliver to homes and has opened up the information on an open data platform¹⁷; in Vienne in Isère, products from the now closed market can be ordered online. AMAPs (associations for the maintenance of local agriculture) and "short delivery circuits" (without intermediate distributors) initiatives are taking advantage of the period to develop. La Ruche-qui-dit-oui, for example, has set up a partnership to develop home delivery within 24 hours, but is facing logistical difficulties due to the influx of demand¹⁸.

¹² <https://transportsolidaire.aft-dev.com/>. An employer may offer to place employees at the disposal of another company for a fixed period of time.

¹³ The Ministry of Economy has also included transport and logistics in the new national platform for connecting employers and workers <https://mobilisationemploi.gouv.fr/#/accueil>.

¹⁴ On 20 March 2020, Airparif (Paris agency for air quality control) noted a 70% reduction in NOx and particulate emissions linked to road traffic compared to a "normal" situation for this period.

¹⁵ The promotion of four delivery services, all digital players, on the site of the Ministry of the Economy (<https://www.economie.gouv.fr/coronavirus-offre-services-numeriques-livraison-produits>) also irritated the National Light Transport Organisation (SNTL), which represents traditional urban transport companies ("non-digital" and therefore essentially employing employees), which recalled that they also have a role in crisis urban logistics. Press release of 30 March 2020, sntl.fr.

¹⁶ <http://www.centre-ville.org/evenement/echanges-covid19/>

¹⁷ https://parisdata.opendatasoft.com/explore/dataset/coronavirus-commerçants-parisiens-livraison-a-domicile/information/?disjunctive.code_postal&disjunctive.type_de_commerce

¹⁸ As seen on the site of La Ruche qui dit Oui consulted on April 5, 2020 "We are currently seeking to optimize our logistics system without saturating our teams in order to always meet your expectations while maintaining a healthy working environment" (<https://alamaison.zendesk.com/hc/fr/articles/360016566291>).

For their part, **logistics real estate projects** in and around the Paris metro area have come to a halt, despite the fact that before the crisis this was a very active segment of industrial real estate, particularly for the new market for urban warehouses and logistics spaces¹⁹. Investors fear that building permits will take longer to process following the implementation of Ordinance 2020-306²⁰. Warehouses have also been made available for crisis management²¹.

In conclusion, lockdown and the health crisis show the flexibility of the organization of the distribution of goods in dense urban areas, while putting **many urban logistics issues on hold**. The big deal as we emerge from the health crisis will of course be the **economic recession** that is taking hold, and the transport sector is already deeply affected. The post-Coronavirus era is also shaping up to be a time when we will be **questioning our ways** of doing things in many dimensions of economic and social life, particularly in the management of strategic sectors and their supply chains. In this context, will urban logistics issues be treated as business as usual or will they be seen in a new way? Discussions are emerging on the role that **technology** should play in urban supply management (robots, drones, freight flows' big data connected with those of the smart city) to make it more efficient and ready for the next emergency. But let's also think of more modest issues on which progress has been surprisingly slow in recent years. What will happen, for example, to **clean deliveries** and the reduction of the carbon footprint of urban logistics, an objective announced by companies and municipalities alike just before the local elections in March? Today, there is an urgent need to relax traffic rules, but confined inhabitants may have developed a taste for less polluted and quieter urban areas. Are we finally moving towards actual use of electric delivery mopeds, scooters, and vans? Are low-emission zones going to be introduced or, when they are, better enforced in large French cities? The year 2020 began with a very unfavourable national decision, halving the financial support for each electric vehicle acquired by a company. The reversal of this rule could be a positive signal out of the crisis. Another subject for discussion may be the **consolidation of deliveries** in the face of the growing fragmentation of demand resulting from e-commerce and consumer demands (increasingly short lead times, increasingly free deliveries). Anything that favours this consolidation will have to be accommodated and even promoted by cities, especially the implementation of closer, better-integrated and **eco-friendly warehouses in dense areas** and therefore a rethinking and innovative logistics urban planning, allowing mixed uses, eventually reducing land consumption around cities (why not multi-storey warehouses?). Finally, let's bet that improving the status, working conditions and remuneration of urban delivery drivers, especially gig workers, will be one of the most discussed issues in post-confinement urban logistics in France. For the latter, let us note in particular the very strong **needs for professional training and collective representation**, which were just beginning to be discussed before the crisis.

¹⁹ "La logistique revient en ville" (*Logistics comes back to town*), Afilog, <https://www.afilog.org/lab-afilog/>

²⁰ National Ordinance No. 2020-306 of 25 March 2020 on the extension of time limits during the period of public health emergencies and the adaptation of procedures during the same period.

²¹ Sogaris, a semi-public company specialising in urban logistics real estate, has made 13,000 sq.m of warehouses in Greater Paris available to the State.

