

## Chapter 12

# How Do Food Delivery Platforms Affect Urban Logistics?

### The Case of Glovo in Barcelona as a Preliminary Study

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#### **ABSTRACT**

*The rise of the platform economy is rapidly changing the traditional economic and business environment. The phenomenon is being widely studied in academia, although so far this has taken a general approach. Lack of precise data and differences in markets hinder more specific analyses that could illustrate the real impact of these trends. This chapter offers an exploratory study of the impact of food-delivery platforms on urban logistics. The study is based on data scraped from the app of the Barcelona-based Glovo, consisting of affiliated restaurants, delivery times, and cost of the delivery. The physical premises identified for the restaurants were georeferenced to study how they are spread and clustered in the city. Restaurants were also matched to their parent companies to obtain economic data from the specialist SABI database. The research questions aim to provide understanding of what types of restaurants have joined the platform, how this has affected their annual turnover, where their physical premises are located, and how the consumer's location affects the service.*

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## INTRODUCTION

Since it first emerged, the sharing economy has been associated with a new consumption model capable of changing the way we relate to one another. Botsman and Rogers (2010) argue that economic peer-to-peer (P2P) interaction can reduce environmental impact, strengthen local communities and extend the idea of sharing. It is in this context that the concept of *prosumption* has arisen, associated with the idea that citizens can be both producers and consumers at the same time (Ritzer, 2014). Of course, such relations are not new. They have existed in the past, although almost always in the local context and in networks of contacts sharing common characteristics, where sharing was an important factor and monetary transaction was often not an incentive for consumption. It was the arrival of the gig economy that perverted the essence of sharing. Well known start-ups have generated huge amounts of money by offering technological mediation platforms while defining themselves as part of the sharing ecosystem. Their supporters claim they promote P2P exchange and use of idle assets, thereby aligning them with the original idea of the sharing economy. At the other extreme, authors such as Oskam (2016) define these mediation companies as platform capitalism. This is where one of the great ambiguities of the sharing concept lies (Frenken & Schor, 2017).

This study aims to investigate how the gig platforms operate in a specific sector: takeaway food delivery. Specifically, the authors analyze a recent start-up, Glovo, to understand its impact on the city of Barcelona and the last-mile urban distribution logistics model<sup>1</sup>. Although the study focuses on a single city, the choice is considered significant, as Barcelona is an open, global city. It is the 6th largest urban area in Europe and the 23rd largest in the world (Eurostat, 2016; Hales, 2019) and its dedication to technological innovation is evident<sup>2</sup>.

The purpose of urban freight distribution is to supply goods at a specific time and in a specific form, guaranteeing low costs and offering good customer services. With the rise of e-commerce, the number of package deliveries to homes in Spain has increased significantly, multiplying the number of orders requiring delivery<sup>3</sup>. Distribution and transport logistics companies have increased their business considerably but have also hit a major obstacle: the last mile. In terms of logistics, the last mile refers to the final stretch of goods delivery. And this stretch involves the highest operating costs and greatest organizational difficulties. On top of this, food distribution involves significant operational factors, largely due to the need to maintain the cold chain (Morganti & Gonzalez-Feliu, 2015). The explosion of gig platforms for urban food distribution has highlighted these challenges and thus requires greater academic analysis and understanding.

Placing the activity of the Barcelona start-up Glovo within the general concept of the sharing economy is not straightforward. However, there are two important reasons for doing so. Firstly, by definition, including gig platforms in the sharing economy creates ambiguity. Secondly, a specific aspect of the business model favors its inclusion: Glovo acts as an intermediary between three parties—restaurants, customers and couriers. The work of its employees is only to develop the technological platform and attract new users. Restaurants announce their services through an app in the form of a culinary offer and consumers buy what appeals. The novelty of this case is the appearance of a new actor, the couriers, who operate as freelancers and provide the service of taking the food from the restaurant (B2C) to the consumer (P2P), using their own transport. In other words, couriers load up orders in thermal backpacks stamped with the Glovo logo, using their own vehicles to make last-mile deliveries.

The differential value of Glovo is the offer of a cheap, easy, personalized and, most of all, fast service (the average delivery time is 25 minutes). As providing fast service is a priority, Glovo's app integrates

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