

# Gig worker-focused business models face a host of challenges

Article

**The news:** Instead of offering gig work to contractors who pick up and fill grocery orders, **Amazon** is shifting those gig workers into jobs as **Whole Foods** employees, according to a letter to employees [reported](#) by CNBC. The transition will be complete by year-end.

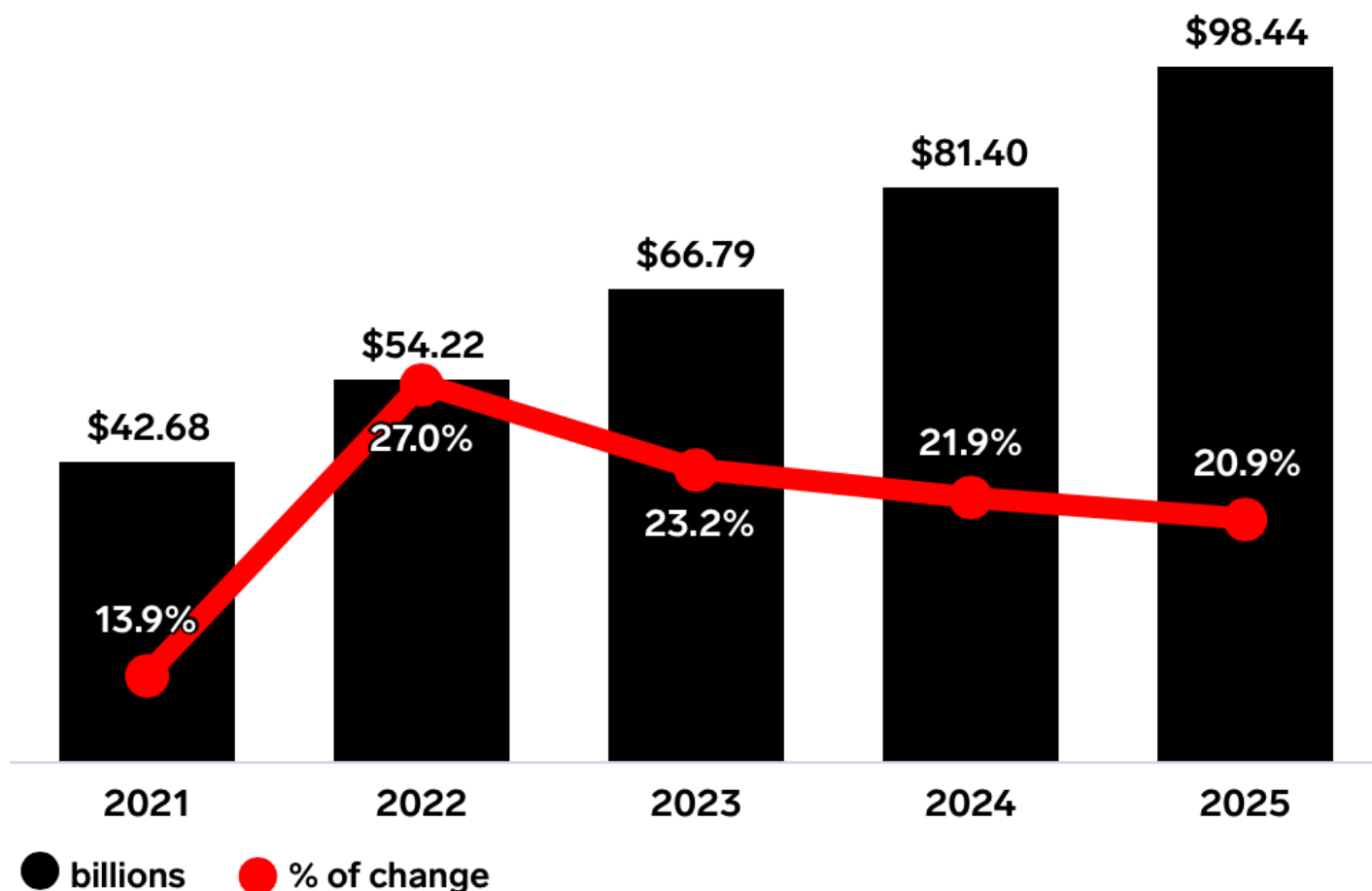
**More on this:** Amazon's pivot aims to provide the retail giant with more stability to help it better meet the growing demand for online orders.

- Rather than being offered the ability to pick up and fill batches when they're free, these gig workers will become employees with longer shifts. The retailer will make up grocery pickers' schedules—which will cover two-week periods—up to three weeks in advance, [according to a job description](#) recently posted by Whole Foods.

Grocery click-and-collect sales are growing quickly. We expect them to rise **27.0%** in the US this year.

## Grocery Click-and-Collect Ecommerce Sales

US, 2021-2025



Source: eMarketer, August 2021

eMarketer | InsiderIntelligence.com

**The broader market:** Amazon's shift comes at a time when companies that employ gig workers are encountering challenges due to rising gas prices, a tight labor market, and growing momentum for legislation that could increase their costs.

- One significant issue facing companies that use gig workers is that **62%** of them would prefer permanent employment, [according to](#) a 2021 survey by McKinsey and Ipsos.

- Another is the rising price of gas. As the average cost of a gallon of regular gas hit an all-time high on Tuesday, gig workers are venting frustration with companies such as **Uber**, **Lyft**, and **DoorDash**, per USA Today. Over 7,000 people have signed a [petition](#) asking for Uber and Lyft to raise their base rates to help offset the rising cost of gas.
- Companies including [Instacart](#), DoorDash, and **GoPuff** have faced strikes from contractors asking for higher pay and better working conditions.
- President Joe Biden recently voiced approval for the Protecting the Right to Organize Act, a bill that would make it easier for gig workers to unionize and set a timeline for union negotiations. Efforts to classify gig workers as employees are also happening at the state level, per Protocol.
- Efforts to classify gig workers as employees are also underway in Europe.

**The big takeaway:** Gig workers provide businesses with tremendous flexibility to scale up and down to meet demand.

- However, the tight labor market—and growing dissatisfaction with gig work—is making some companies decide the certainty that comes with permanent employees is well worth the cost.