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Gopuff's expansion into Europe puts its labor practices under the microscope

Article

The news: **Gopuff** is reportedly implementing a gig economy model in the UK that would pay drivers per delivery instead of by the hour, according to The Grocer.

- The rapid delivery company is trying to break into the European market while contending with high labor costs and intense competition from more established players, such as **Amazon**-backed **Deliveroo** and **Gorillas**.
- But the move opens Gopuff up to regulatory scrutiny: European authorities and unions have taken increasingly antagonistic views toward gig work.

More on this: On paper, rapid delivery companies offer employees a more stable—and lucrative—employment model than **DoorDash** or **Uber**.

In New York, many of Gopuff's delivery personnel are not legally classified as gig workers because they sign up for hourly shifts instead of working on demand. Gopuff drivers also make commissions on deliveries, although they earn the same amount regardless of order size or distance traveled.

- Currently, drivers in the UK operate on a similar model: Couriers use the company's app to book 6- to 8-hour shifts and are typically paid about £10 per hour, plus 50p for each delivery made.
- While drivers can potentially make more money under this system, it also lets Gopuff evade protections mandated for gig workers like minimum delivery payments and transparent tipping policies.

Disillusionment sets in: Some Gopuff workers say the company's labor structure contravenes the two main benefits of gig work: flexibility and autonomy.

- Unlike Uber, which lets drivers choose when they want to work and which rides to accept, Gopuff drivers compete each week for a limited number of shifts. The number of shifts available is determined by the company's warehouse managers, who also oversee drivers and determine how orders are allocated.
- In response, Gopuff workers are taking action: In November 2021, drivers across the US went on strike for better pay, protection from deactivation, and better working conditions.

What this means: As Gopuff navigates worker unrest, it's also preparing for a **potential IPO** this year, per Reuters.

- Gopuff has weathered the challenges associated with rapid delivery better than most competitors, thanks in part to its ad platform and strategic acquisitions like alcohol chain **BevMo** and management platform **rideOS**. Nor have its labor troubles prevented Gopuff from raising funds: The delivery company is in the process of getting **another $1.5 billion from investors**, which would bring its **total valuation to $40 billion**, per TechCrunch.

- But Gopuff's expansion to Europe could pose a new set of challenges. While the company's **overseas growth is three times faster** than it anticipated, it has yet to break even in key markets like London, The Information reports. The transition to a gig model could also attract regulators' ire and alienate workers while making it difficult to recruit new ones.

The big takeaway: Until recently, rapid delivery companies were left largely to their own devices, but that's beginning to change as governments around the world grow concerned about how these firms impact small businesses and disrupt communities.

- Some cities in the Netherlands have enacted a freeze on dark store openings, making it impossible for new services to enter and limiting the expansion of players already in the market. Other European cities are considering similar policies.
- New York City Councilmember **Gale Brewer** is a vocal advocate for regulating the rapid delivery industry, which could make it even more expensive for players to operate in a key market.