

CONSUMER AND BUSINESS CHARACTERISTICS OF 'INSTANT DELIVERIES' IN BRAZIL: A NEED FOR NEW PUBLIC POLICIES

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Motivation



The growth of the **digital market** raises other services as **instant deliveries**.

instant deliveries

services that provide on-demand delivery within two hours by connecting consignors, couriers and consignees via a digital platform" (Dablanc et al., 2017, p.204)

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World



China



Europe



United States



(Dablanc and Saidi, 2018).

And Brazil?



Research Question

What are the profile of customers to instant delivers in Brazil?

What are the main companies operating in Brazil?

What are the challenges to regulate this service delivery in Brazil?

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Objective

To present a panorama of instant deliveries in Brazil, describing the customer profile and the digital platforms available.

To examine the legislation in order to suggest oriented public policies to this service delivery.

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RESEARCH APPROACH

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Research Approach

□ Data

| Theme | Variables | Response Type |
|----------------------|---|--------------------------|
| Delivery information | Request instant delivery | Binary |
| | Products and frequency | Categorical (6 classes) |
| | Number of instant delivery requested | Continuous |
| | Digital platforms | Categorical (13 classes) |
| Delivery charge | Maximum delivery charge | Continuous |
| | Maximum delivery charge by foot or bike | Continuous |
| | Value of product for no delivery charge | Continuous |
| Profile | Age | Categorical (5 classes) |
| | Income | Categorical (5 classes) |

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Sample

- ❑ Web-based survey
- ❑ Focus: Brazil
- ❑ September to November of 2018

- ❑ 472 respondents → 52% order instant deliveries

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RESULTS



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Profile of respondents

| Profile | General respondents profile | Instant delivery consumer' profile |
|-------------------------|-----------------------------|------------------------------------|
| Female | 50% | 47% |
| Male | 50% | 53% |
| 15-24 years old | 25% | 26% |
| 25-34 years old | 39% | 42% |
| 35-49 years old | 23% | 24% |
| > 50 years old | 13% | 9% |
| Until R\$ 3,816 | 23% | 17% |
| R\$ 3,817 to R\$ 9,540 | 38% | 41% |
| R\$ 9,541 to R\$ 19,080 | 28% | 30% |
| > R\$ 19,081 | 11% | 12% |

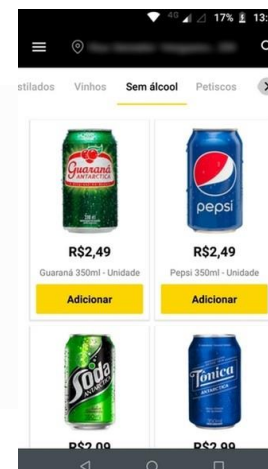
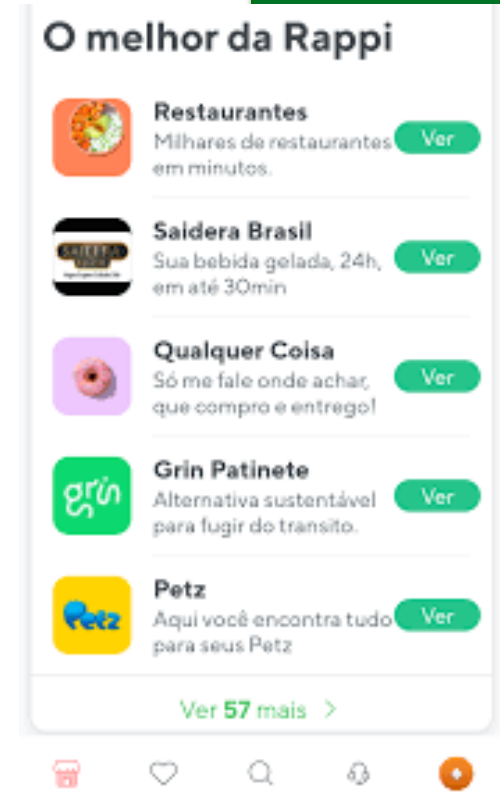
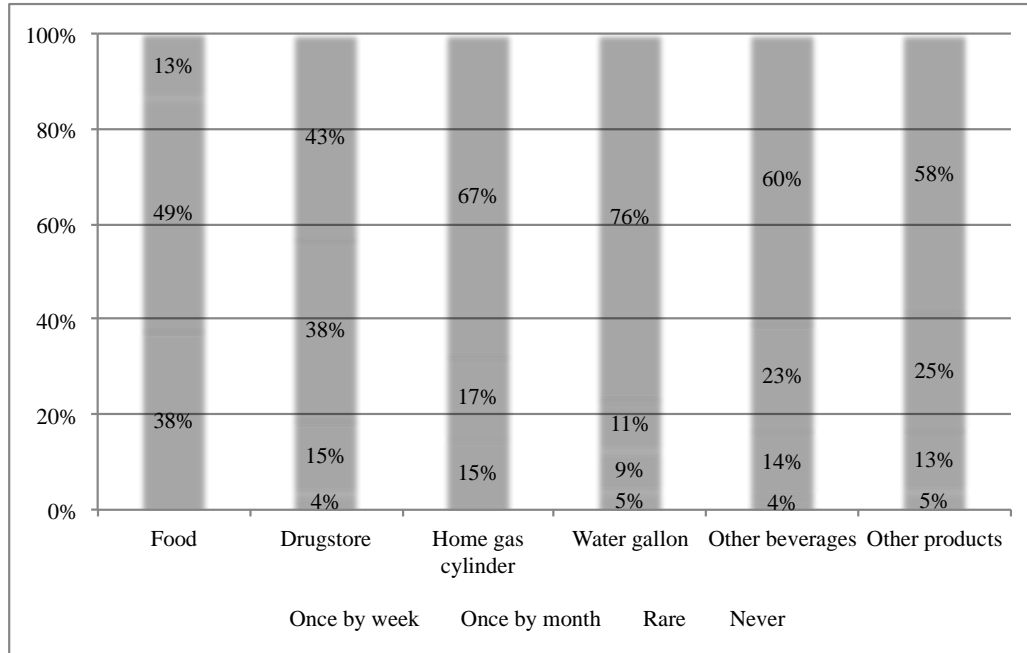
1US\$ = R\$ 4.1

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Products ordered



Average number of orders by month

| Profile | General orders | Food orders |
|---------|----------------|-------------|
| Female | 1.25 | 1.56 |
| Male | 1.13 | 1.75 |

| | | |
|-----------------|------|------|
| 15-24 years old | 0.90 | 1.63 |
| 25-34 years old | 1.25 | 1.50 |
| 35-49 years old | 1.15 | 1.90 |
| > 50 years old | 1.28 | 1.70 |

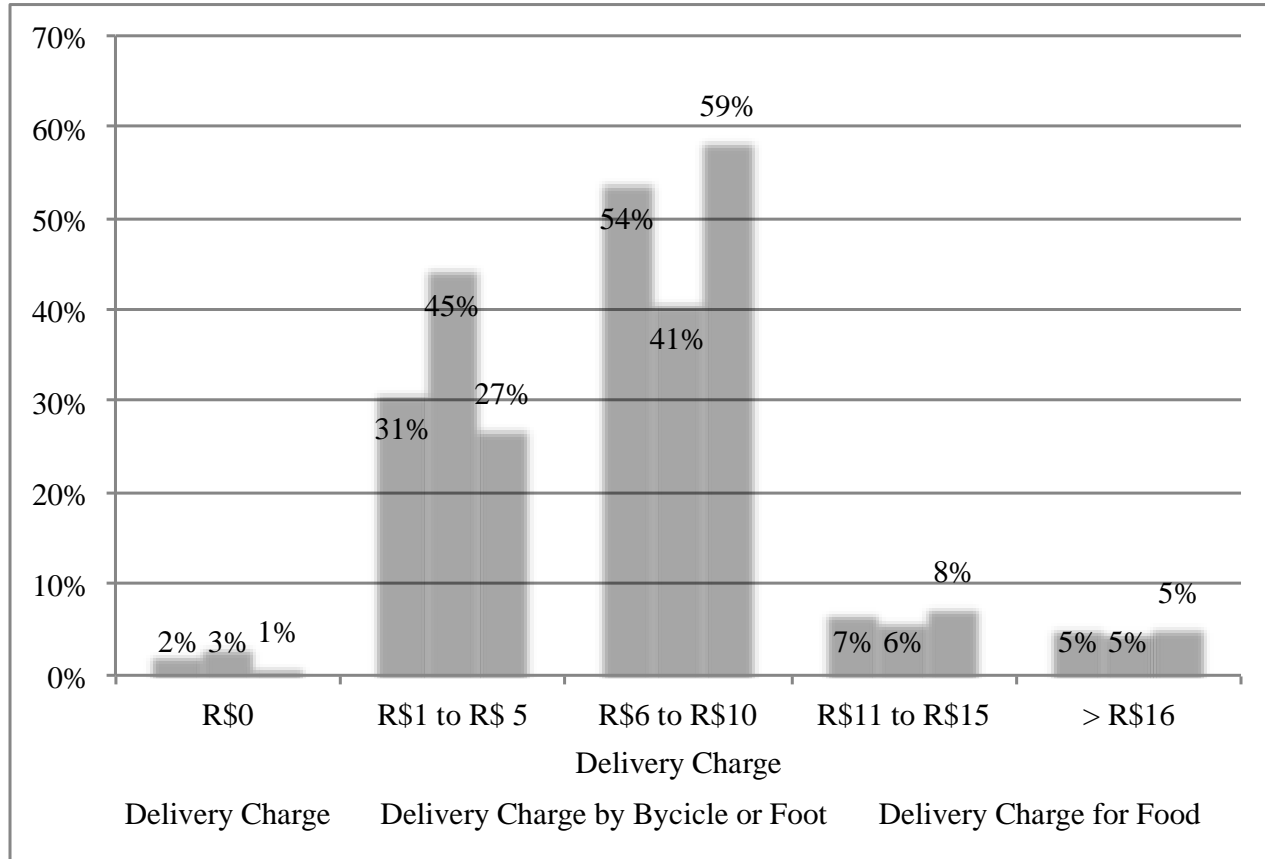
| | | |
|-------------------------|------|------|
| Until R\$ 3,816 | 1.45 | 1.63 |
| R\$ 3,817 to R\$ 9,540 | 1.13 | 1.63 |
| R\$ 9,541 to R\$ 19,080 | 1.15 | 2.00 |
| > R\$ 19,081 | 0.90 | 1.35 |

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Delivery charge



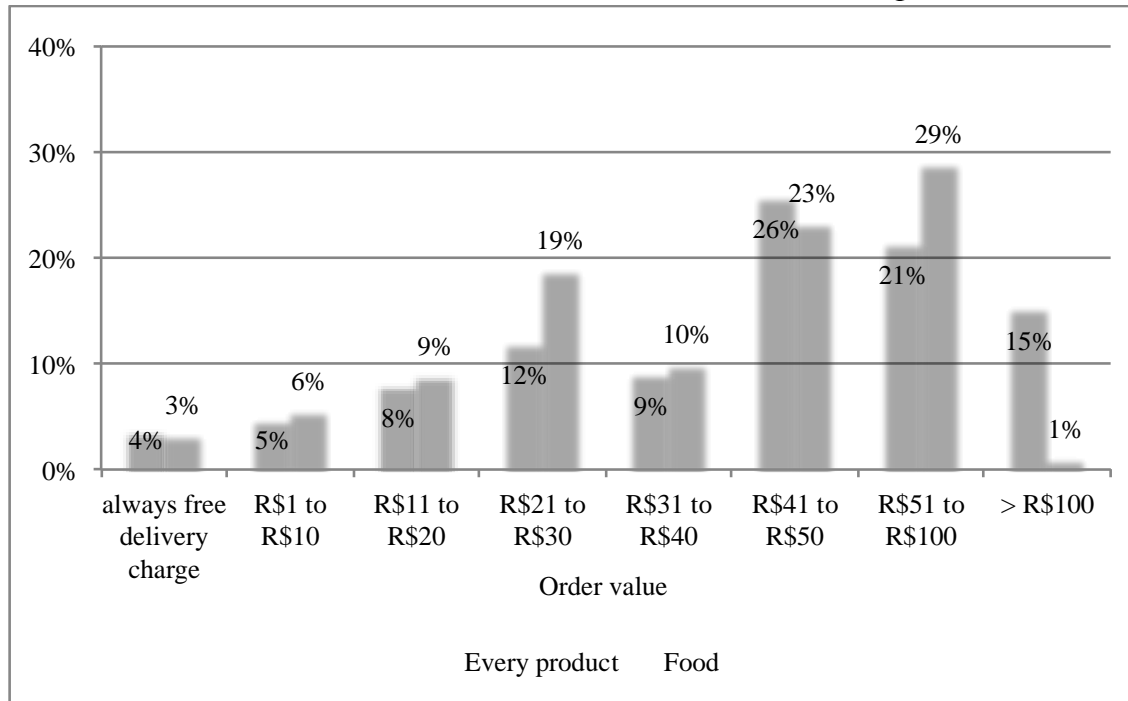
willing to pay

R\$ 9.07 per order for delivery charge

R\$ 7.76 per order for delivery charge by bicycle or foot

R\$ 9.18 per order for delivery charge for food

Relation between order value and free delivery charge



every order value above R\$ 54 (US\$ 13.5)
could be free delivery charge

If FOOD, every order value above R\$ 49
(US\$ 12.24) could be free delivery charge



Some conclusions

The **prepared meal** is the main and most frequently product.

free delivery charge is a decisive factor to buy also to the customer from digital platforms.

the **transport mode** from couriers **does not influence** the instant delivery order for 55% of respondents, and 30% are neutral.



Digital platforms



84.4%

PedidosJá

20.5%



29.1%



28.3%



18.9%



30.3%



| Courier Service | Since at in Brazil | Product delivered | Delivery Charge for customer | Delivery charge for deliveryman | Observations |
|-----------------|--------------------|-------------------|--|--|---|
| Uber eats | 2016 | Food | Minimum of R\$ 8/request. Could be dynamic in high demand | Depend of transport mode | Service available in big cities |
| IFood | 2011 | Food | It depends on the restaurant | Have an app to connect request to deliveryman or the restaurant have the own deliveryman | Brazilian start-up Main courier service in Latin America 80% of market share in Brazil 14.1 millions of delivery/month 10.8 millions of customers 55,000 restaurants in 483 cities in Brazil |
| Pedidos Já | Not identified | Food | Not identified | - | Join with IFood in 2018 |
| Rappi | 2018 | Any | R\$7/request | R\$7/delivery | Delivery in a maximum radius of 3km and 30 minutes from deliveryman |
| Glovo | 2018 | Any | Not identified | Not identified | Stopped the operation after 1 year due to local competition |
| Chama | 2018 | Home gas cylinder | free | The company have the own deliveryman | Available in São Paulo Metro Area, Belo Horizonte, Porto Alegre and Curitiba |

Oriented public policies to instant deliveries in Brazil

The labour costs are high in Brazil (68% more salary, health and transport) for companies to hire couriers

The number of informal self-employed or micro-entrepreneurs does not stop growing.

In 2018, 97,886 couriers were individual micro entrepreneurs in Brazil (1,27% of total) (Brazil, 2019).

We do not have information about the number of informal jobs in Brazil.

However, considering the number of unemployment (12.7 millions of people), the courier is one job opportunity.

Reason: 725 deliveries/month implies in R\$ 5,000/month (around 1,250 dollars).



Oriented public policies to instant deliveries in Brazil

the digital platforms have an extra bonus system for multiple deliveries carried out in a short period of time (until 30 minutes).

This extra bonus stimulates the couriers to ride faster to delivery in minimum time.

One direct consequence is the number of accidents involving these couriers:

33% of urban accidents are related to motorcycle and,

It is a health problem:

70% of accidents with motorcyclists generates victims that require rescue service and hospital attendance, and motorcyclists occupy 40% of ICU beds

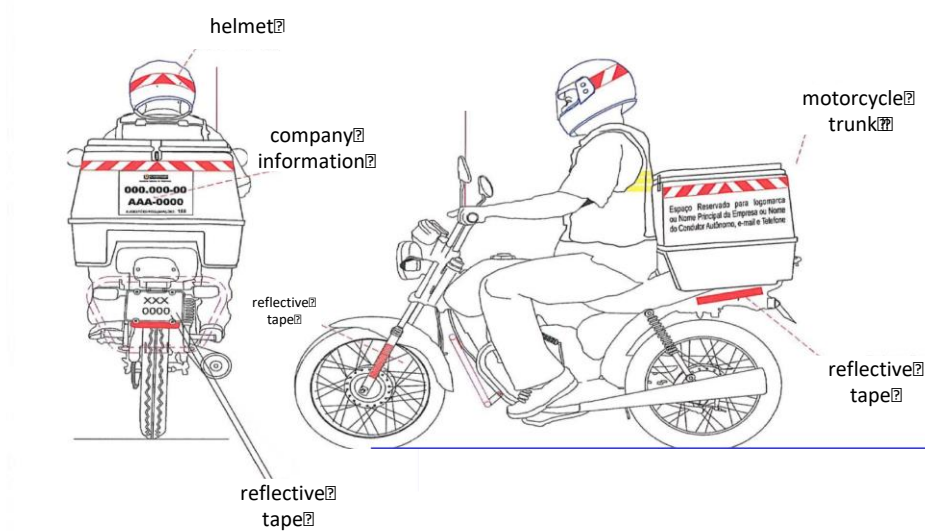
the legislation needs to include the digital platforms jobs and create rules to improve the working conditions for couriers



Oriented public policies to instant deliveries in Brazil

In Brazil, the use of scooter and motorcycle is dominant to instant deliveries.

There is a national resolution regulating the activity



the digital platforms could promote free delivery charge if is performed by non-motorized modes.





THANK YOU!

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