TEAM HUB!

Delivering sustainability to the e-commerce supply chain

Country Fiche FRANCE

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Introduction

The *Team Hub!* project is a two-year project supported by the European Commission, Directorate-General for Employment, Social Affairs, and Inclusion, receiving funding under the call for proposals SOCPL-2021-IND-REL aimed at improving expertise in the field of industrial relations. Running for 24 months (August 2022 – July 2024), *Team Hub!* combines desk and empirical research, as well as mutual learning and networking activities, in order to analyse features and challenges of the e-commerce supply chain in a set of selected countries, namely Belgium, Estonia, France, Finland, Germany, Greece, Italy, Poland, Spain.

The *Team Hub!* project brings together a consortium of universities, research institutes and trade unions from nine EU countries to jointly address the complexities and challenges of e-commerce supply chains, especially with regard to storage and delivery activities. The aim of *Team Hub!* is to analyse the implications of the e-commerce boom, following the COVID-19 pandemic, and to equip trade unions with the knowledge and skills necessary to propose a sustainable reshaping of business models and work organization in the supply chain, also in view of the digital revolution and environmental sustainability objectives.

The first phase (Study) of the *Team Hub!* project consists of a preliminary literature review aimed at producing country-level analysis of the e-commerce and logistics national panorama. The goal is to identify and assess existing information and data about key trends and features in the e-commerce supply chains at national level, with a particular focus on key market players and dominant business models, working and employment conditions, social partners activities, and the geography of the supply chains in the covered countries.

The present Country Fiche, part of a series of nine similar papers, contains the results of the national-level analysis. The Country Fiches are aimed at feeding an EU-level comparative analysis to be included in the Background Report, which will equip the consortium with adequate background information for the following phases of the project.

Country Fiches are based on a common methodology agreed and shared in advance with the project's consortium. The research was realised by national experts appointed by the project partners. Experts developed their research on the basis of a common template, whose structure shapes the Country Fiche below. With a view to guaranteeing homogeneity and comparability of results, guidelines were shared with regard to sources and references to be used for the completion of the country fiches' template. In particular, the following categories were designated: scientific literature, administrative data, surveys, general press, interviews with relevant stakeholders.

Country Fiche

Macro-analysis on trends and developments in the e-commerce sector

Sales, use of online channels by consumers and shops, market shares and presence of dominant players, employment and wage trends in the supply chain

Definition and scope in the French context

According to the definition of the OECD, e-commerce encompasses transactions in goods and services conducted over an electronic network. Online trade encompasses business to consumer, consumer to consumer, business to business. The scope covered by the various sources available in France is more or less broad (B2C in INSEE data, B2B and C2C in the statistics of the FEVAD professional federation of distance selling companies). The two main activity codes considered in France for the inbound logistics chain are other postal and courier activities (5320Z) and non-refrigerated warehouses (5210B).
Three types of players co-exist in e-commerce: (1) pure players (retail players operating solely online), (2) omnichannel companies, which combine physical and online distribution channels in their sales strategy, (3) many industrial, craft or agricultural companies market part of their production online via their own site, local platforms or marketplaces.

Trends and developments

Sales

According to the FEVAD, the market for online trade in goods represented around €67 billion in 2021. The e-commerce of products represents 14.1% of retail trade (2021). The sector is growing strongly: on average +14% per year since 2010 (+32% in 2020, +7.4% in 2021). In comparison, in-store trade has grown by an average of +1.4% per year since 2010. The COVID crisis had a net effect of accelerating e-commerce in products, with a doubling of the growth rate in 2020 compared to the trend observed over the average period (+32%, compared to +14% on average since 2010). Sales of high-tech household equipment have seen the strongest growth in 2020. In 2021, the rate of growth in sales of high-tech household equipment remains very high (+36%). The economic crisis that began in 2022 with the war in Ukraine has brought a sharp halt. As a result of the rise in transport and delivery costs, the fall in household consumption and tensions in supply chains, as well as the rise in energy costs, e-commerce product sales fell by 7% in 2022 (source FEVAD). The express parcel market is expected to shrink for the first time in 2023 (between -6% and -8%).
Online trade remains highly concentrated. In 2019, 1% of sites, i.e. around 2,000 sites, generated 75% of turnover, i.e. 34 billion euros, while 198,000 sites generated 11 billion euros in turnover, i.e. 55,000 euros on average per year (source: France Stratégie). The **top** twelve **e-commerce sites** visited in France (mar-

ket share 2020 and origin) are: Amazon (USA, 22.2% market share), Cdiscount (FR, 8.1%), FNAC (2.1%), Leroy Merlin (FR, market share not known), E. Leclerc (FR, N.C.); Carrefour (FR, NK), Wish (USA, NK), VeePee (FR, 3.4%), Mano Mano (FR, NK); Rakuten (JP, NK), Darty (FR, 2%), AliExpress (CH, NK.)

Main players in e**-commerce logistics**: La Poste (DPD, Colissimo, Chronopost, Stuarrt): 2/3 of the market; express operators (DHL, UPS, etc.), consignment relay points (Mondial Relay, Relais Colis, Colis Privé)

Channels

Amazon: 42% of visitors on computer, 78% on mobile, 17% on tablet (FEVAD data 3rd quarter 2022).
FNAC: 30%, 70%, 12%.

Employment

According to FEVAD, online commerce currently employs 200,000 people, or 5.5% of the total of 3,600,000 people employed in commerce. These figures include the jobs of omnichannel companies, but are very difficult to verify.
INSEE data (ESANE business statistics) allow us to estimate the number of people employed in online commerce at 15,822 full-time equivalents (FTEs) in 2019, based on NAF code 47.91B alone, i.e. pure players (Amazon, C discount, Veepee, etc.), excluding omnichannel players (Leclerc, Auchan, FNAC, Darty, etc.) and producers who sell online (e.g. Bleu Forêt).
The share of independents workers in e-commerce is on average 30% over the period, i.e., around 9,000 jobs, which makes it possible to estimate the number of jobs in 2019 at 29,000 (in headcount).
By reallocating the share of the workforce concerned from the two main transport sectors affected by e-commerce (5320Z and 5210B), it is estimated that 11,000 jobs are induced by e-commerce in logistics (source: France Stratégie). These jobs include non-salaried workers (self-employed).
Note: 51% of micro-enterprises (self-employed) in the non-refrigerated warehouse sector, 82% in other postal and courier activities (100% for Amazon, DHL). In addition, there are temporary workers, whose numbers are not available.

Remuneration/wages

Since 2001, distance selling (APE code 47.91) has had a collective agreement.
The average net annual salary in 2017 was €26,374 in e-commerce, and €37,756 for pure players. The average net salary is 25% higher in e-commerce than in retail trade and commercial crafts (source INSEE).
Average net salaries in transport and logistics are also higher than in retail and the craft trades (+6.5%) (source INSEE).
These data cover employees with employment contracts with companies only.
There is no information available on the income level of subcontractors and temporary workers.

Qualitative analysis on the different types of existing business models

Overview of the existing types, in particular concerning the relationships with workers and in the supply chain

Business models

E-commerce is characterised by **low profitability**. In particular, the profitability rate of e-commerce achieved by pure players appears to be particularly low, at around 1%. The viability of the business model depends above all on its ability to win new market shares in order to increase the volume of sales. This margin appears to be much lower than in physical shops, at around 4%, and is declining or stable over the 2011-2018 period (source: France Stratégie). For the pure players, e-commerce mainly enables the **acquisition of data** that is profitable in the cloud. For omnichannel retailers, in-store sales and online sales are not opposed but complement each other. However, retailers are obliged to reduce their margins (the retailer usually charges the same price as if the customer came to the shop). The business model of pure players is being disrupted by European regulations (e.g., VAT liability, European Green Deal, Mobility Package). See the next section for more details. Some experts believe that Amazon would eventually be obliged to directly charge for the transport and delivery section of the supply chain, which would considerably reduce its price advantage over local shops.

Relationship with workers

E-commerce

Data provided by a pure player indicates that the share of temporary workers is seven times higher for this company than for the rest of the trade (16%, 44% in warehouses). This high rate of recourse to temporary work is explained in particular by the variability of e-commerce flows, with a significant peak at the end of the year.
The share of self-employment in e-commerce is estimated at 30%. Most of them are micro enterprises (status created by the Novelli Law in 2008).

Logistics

The sector is characterised by a very high level of subcontracting. An estimate for the Ile de France region gives: 100% for Amazon, 85% for Chronopost, 100% for Colis Privé, 100% for GLS France, 75% for UPS, 100% for DHL, 71% for Geodis, 100% for La Poste (Roissy), 75% for DB Schenker, 100% for Gefco (source interview Pétronille Rème-Harnay). The use of subcontracting has accelerated recently, in the context of rising transport costs (supply crises), and the anticipation of major investments to be made in the context of the multiplication of low-emission zones, but also the prospect of goods transport being subject to CO2 emission quotas in the context of the European Green Deal (gradual abolition of free quotas from 2026). This trend towards subcontracting would be particularly strong at DHL, La Poste and Fedex in France.
A specific subcontracting contract exists in Annex 9 of the Transport Code, Article D. 3224-3. This standard contract negotiated by the courier groups (Decree No. 2001-659 of 19 July 2001, confirmed several times since then in 2003 and 2019) protects the principals by considering elements that could be associated with subordination as specific to a specific transport system. This contract is described as an “anti-requalification weapon”.

Labour market and working conditions

Emerging issues in terms of employment, working conditions, and health and safety of workers involved in storage and delivery activities for e-commerce major players

Main emerging issues can be summarised as follows:

1. Harsh working conditions, especially in warehouses (various expert reports for the Amazon works council, for example): overtime, increase in night work, physical constraints linked to the carrying of heavy loads and repetitive movements. More than a thousand work-related accidents were declared by Amazon France Logistics in 2019, i.e., nearly three accidents per day, a figure that is largely under-estimated according to union representatives (source: report by Progexa);
2. Risks related to automatization;
3. Precarity and low remuneration: In 2019, for example, 44% of the workforce recruited by Amazon France was temporary. This figure rose to 64% for the most arduous and dangerous jobs, namely receiving or shipping goods in warehouses;
4. Risks of « uberisation » of the logistic sector, recently been partly offset by the positive effects of European regulations on the large platforms, which are no longer considered as transparent intermediaries, but as buyer-resellers. With regard to VAT in particular, until July 2021, 98% of sellers registered on e-commerce platforms (Amazon, Alibaba, Cdiscount, etc.) were not registered for VAT in France. On 1 July, 2021, new rules came into force throughout the European Union, in application of the EU Directive 2017/2455. The import VAT exemption for consignments of less than €22 has been abolished. In addition, Green Deal related regulations (CO2 quotas in transport) and the Mobility Package (level playing field for transport companies within the EU) deserve to be quoted;
5. Creating alternatives to “capitalistic platforms”, promoting strategies of revitalization of small businesses.

Geography of the e-commerce supply chain and presence of nodal points

In 2015, the year of the last census carried out by the statistical service of the Ministry of Ecological Transition (SDES), 4,432 warehouses and logistics platforms of more than 5,000 m² were counted for a total floor area of 78 million m², i.e. approximately 16,000 hectares of artificial land, taking into account parking and service areas. It is difficult to estimate the proportion of this area accounted for by e-commerce.
Historically, warehouses have been widely deployed along a north-south logistics corridor that is still very dynamic, and many facilities are also being developed around the major French cities, particularly on the Atlantic arc around Rennes, Nantes and Bordeaux.
Some recent projects, built or to be built, of logistics warehouses:

- *Amazon* : 142 000 m² Brétigny-sur-Orge (91), projects 160 000 m² Colombier-Saugnieu (69) and 185 000 m² Metz-Frescaty (Moselle)
- *Ikea* and *Leroy-Merlin :* Paris Air 2 Logistique » Gennevilliers (92),
- *Carrefour* : 132 000 m² Poupry (28)
- *Conforama* : 177 500 m² Tournan-en-Brie (77).

Social partners positions and main actions

Trade unions position

Many actions and revendications related to working conditions, safety and security, remuneration.

Examples :

1. AMAZON. #MakeAmazonPay actions against black Friday, promoting improvements in working conditions (example Sud Commerce Amazon 2022), Health and safety issues (actions notably during first COVID crisis in 2020), fight against abuses of economic dependency;

2. FEDEX. Thanks to the efforts of trade unions in the US and Europe, that threw their weight around, FEDEX is longer part of the Amazon supply chain;

3. DHL. As for DHL, the presence and work of the French trade union Force Ouvrière (FO) should be noted, which was active especially with regard to outsourcing in transport and delivery. The social alarm in this subcontracting chain was well monitored by the trade union, thanks to which a few years ago 600 subcontractors were given tenure at DHL. The union is currently confronting DHL with the fact that the company pays subcontractors on the basis of deliveries.

Employers' position

Union Professionnelle des Entreprises du Commerce à Distance (UPECAD) focuses on ecological transition, digitalisation, automation, emerging professions. Amazon is not member.

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Interview of Philippe Moati : http://www.philippe-moati.com/

Interview with Florian Delvaux, expert for work's councils at SECAFI.

Press, twitter account and websites of trade unions.

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