

The ALUR law and the opening of Drives in the French grocery retail sector

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Abstract

Click-and-collect services have been rapidly expanding in the grocery retail sector and, in many countries, their adoption superseded the use of delivery services. In France, this click-and-collect service is called Drive and the upsurge in the opening of pick-up points raised concerns to French policy-makers and pushed for a new regulation in 2014. This paper assesses the impact of the ALUR law that constrains the opening of Drives with warehouses in France. We run difference-in-differences analyses over the period 2009-2017 and show that the law had a large negative effect on the opening of Drive warehouses for the two retail chains that were leading this format. We also analyse the economic performance of Drives and show that the law had a negative effect on the growth of Drive revenues for both retailers. Finally, we evaluate the implications of the law in terms of its effects on market concentration.