

A delivery person wearing a brown hoodie, a grey helmet, and a backpack is looking at a smartphone. The background is a blurred city street.

PPG

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Lithuania App-Based Delivery Work in 2025

Measuring the impact of Courier Partner reclassification on
local commerce, job opportunities and consumer prices

About this Report

This report was independently conducted by PPG and commissioned by Wolt to better understand the potential economic impacts of legislative proposals affecting platform work.

Pragmatic Policy Group

PPG is an independent economic research agency which models the impact on the economy of various legislative and regulatory scenarios.

PPG is particularly focused on the unintended consequences of government policies for the most vulnerable members of the community.

We use advanced analytical techniques and industry experience to forecast the impact of regulations, share evidence-based insights and help inform strategic decisions.

About the Author

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1 Introduction

The app-based delivery sector in Lithuania has become a significant source of flexible income, small business revenue, and essential consumer services. Thousands rely on being able to access platform work for flexible earnings, while merchants use it to reach more customers and adapt to demand shifts. The online food and grocery delivery markets are projected to grow annually by **7%** and **12.8%**, respectively, in the coming years, indicating strong interest from consumers towards these services.¹

As the European Union implements its Platform Work Directive (PWD)—a framework for regulating app-based work—Lithuania must now decide how to regulate platform work. Proposals to reclassify delivery partners as traditional employees require thorough economic analysis. This report uses quantitative modelling techniques to assess the potential economic impacts of the regulation.

Our results show that the mandatory reclassification of Courier Partners as traditional employees will negatively impact Lithuanian consumers, local commerce, workers and tax revenues.



¹ [Online Food Delivery – Lithuania | Statista](#), retrieved on May, 2025

We estimate four main negative effects – specifically:

1

The prices consumers pay for app-based delivery services will increase by **32–43%**—disproportionately impacting lower- and middle-income households.

2

Higher prices will reduce customer demand for local commerce by **€26–76 million** (in annual revenue losses), especially for small and medium-sized enterprises (SMEs) which are the backbone of the Lithuanian economy.

3

5,900–7,000 earning opportunities² will be eliminated (**70–82%** of those currently available) and this will reduce annual workers' earnings by **€6–17 million**. In particular:

- There will be fewer flexible working opportunities for people who can't commit to the inflexible nature of traditional employment, and
- Platforms will be forced to consolidate available working hours among a smaller number of workers.

4

Government tax revenue will drop by **€2.5–7.9 million**, from both business earnings (CIT) and worker taxes (PIT), reducing public funds available for programs and infrastructure.

² The number of available opportunities on app-based delivery platforms for individuals to earn income, estimated by dividing the total number of engaged hours worked each week across the industry in Lithuania, divided by the average number of engaged hours that workers currently choose to work (roughly 7 hours per week).

Our report is also informed by high quality surveys, conducted by independent third parties, capturing the views of app-based delivery workers and Lithuanian businesses. They underscore the critical role of flexible work.

Over **two-thirds** of Courier Partners cite autonomy over schedules, work location, and task selection as key reasons for engaging with platforms.³

Similarly, local businesses, particularly small and medium-sized enterprises, consider platform services as a crucial channel for expanding market access and growing revenue.

Almost **one in three** merchant states that they would not operate an online business without access to delivery platform services.⁴

The availability of flexible platform work is especially valuable for groups often underserved by the traditional labour market, such as people with disabilities and individuals balancing work with caregiving and other family responsibilities. For many, platform work serves as a critical income supplement.

Removing flexibility by mandating employee status would significantly reduce the participation and earnings potential of app-based delivery work for the people who need it most. **73%** of Courier Partners indicate that they may stop delivering on app-based platforms if legislation were to remove the flexibility to choose their own hours, tasks, vehicle, or routes.

Equally important, local enterprises in Lithuania heavily depend on digital platforms to sustain and grow their operations. For one platform, small businesses represent **92%** of all merchants (retailers and restaurant owners) using app-based delivery in Europe, many of whom attribute significant revenue gains and new customer acquisition to their partnership with delivery services.⁵ Constraints on platform operations would limit these important economic opportunities for local businesses.

The continued ability of workers to operate independently, and of businesses to leverage platform technology, is an important driver of Lithuania's digital economy. As regulatory frameworks evolve, it will be important to balance worker protections with the flexibility and innovation that platform-based models enable.

The following sections of this report explain how we estimate the economic impacts of reclassification on consumers, local businesses and workers in Lithuania.

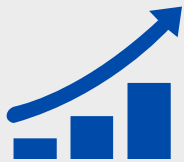
³ Copenhagen Economics. 2024. Survey of Courier Partners — Lithuania

⁴ Copenhagen Economics. 2025. Merchant Partner Survey

⁵ Copenhagen Economics. 2025. Merchant Partner Survey. We define small business as an entity with 0-49 employees (part-time or full-time).

2 Impact of Reclassification on Consumer Prices and Demand

Our modeling suggests that if Lithuania were to reclassify Courier Partners as traditional employees, the prices consumers pay for app-based delivery services would increase by between **32%** and **43%**.⁶



32–43%

Rise in consumer prices

Prices rise by **32–43%** for customers of app-based delivery.

When the prices of app-based delivery services increase, consumers will use those services less often and instead prefer to buy cheaper alternative goods and services that are not impacted by those price increases.

The extent to which higher prices reduce consumer purchases is captured by the price elasticity of demand. Drawing on established academic research, including studies by Beacon Economics⁷ and Berkeley Research Group⁸, we apply a range of demand elasticity estimates:

- A conservative assumption of **-0.55** elasticity based on research in Massachusetts. This would mean that for every 1% increase in prices, consumers will order 0.55% less. Consumers don't adjust their spending as much in this more conservative scenario, so the impact on demand and work opportunities will be smaller.
- A higher elasticity estimate of **-1.2** (i.e., for every 1% increase in prices, customers will order 1.2% fewer services). This assumption was also used by economists who supported an earning standard for rideshare workers in New York City.

We multiply the projected consumer price increase of **32–43%** by the price elasticity of demand of between **-0.55** and **-1.2** to estimate a **18–51%** decline in customer demand for app-based delivery services.

⁶ We describe our methodology for estimating price increase in the appendix, but our fundamental premise is that we have assumed that reclassified workers will require the same net earnings as before.

⁷ T Osman, Beacon Economics, How many app-based jobs would be lost by converting rideshare and food delivery drivers from independent contractors into employees in the Commonwealth of Massachusetts?: February 2022

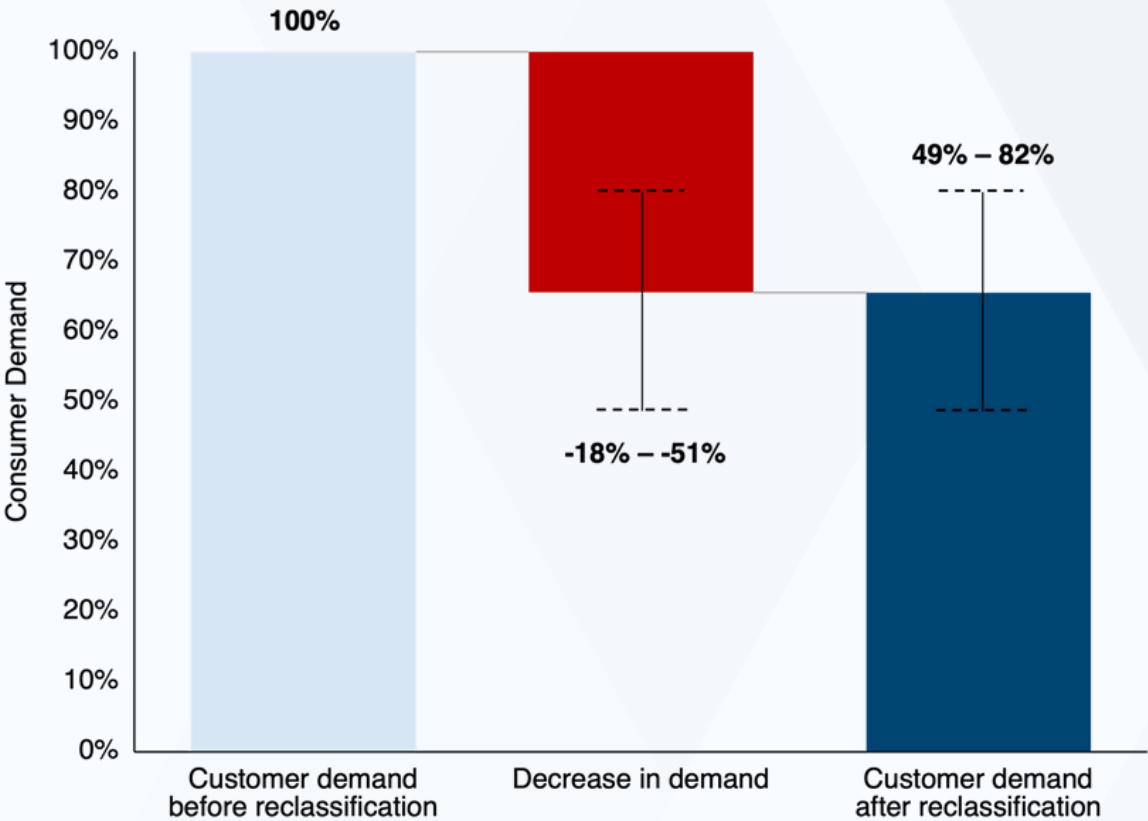
⁸ D Lewin, W Hamm, M Kim, Berkeley Research Group, Analysis of driver jobs if gig economy companies must reclassify drivers as employees rather than independent contractors: May 2020.

↓ ≡
18-51%

Lower consumer demand for app-based delivery services

We project a fall of **18-51%** in consumer demand for app-based delivery services due to large price increases for consumers.

Figure 1. Consumer demand declines by 18% to 51%



3 Merchants Lose Business

In Lithuania, SMEs constitute around **99.8%** of all enterprises, contribute up to **72%** of total employment, and account for approximately **63%** of the country's economic value added.⁹ One survey found that **84%** of merchants associated with app-based delivery platforms in Europe have only **1 or 2 locations** for their business.¹⁰ These merchants rely heavily on app-based delivery to reach new customers, increase their revenues and compete with large ecommerce platforms.

According to analysis of industry data, on average, over **133,000** delivery orders are placed weekly in Lithuania via app-based platforms, with approximately **87%** going to restaurants and **13%** to retail stores. By 2030, annual merchant revenues are estimated to exceed **€220 million**, in line with industry forecasts for Central and Eastern Europe.¹¹

However, if Courier Partners are reclassified as employees, the decline in demand would represent an annual revenue decline of **€26–76 million** for merchants in 2025, primarily hitting small businesses that lack the capacity to absorb such shocks. By 2030, these losses increase to **€37–107 million** as a result of reclassifying Courier Partners to employee status.¹²



€37-107 million

Merchants lose business

By 2030, annual merchant revenues will fall by **€37-107 million**.

This decrease in demand could significantly impact the revenue of local businesses, particularly SMEs, which account for the majority of total employment.¹³

Merchant losses will translate into a **loss of tax revenue for the Lithuanian government**. Based on modeled revenue losses between €26–76 million annually, and assuming:

- An average profit margin for the food and retail sectors informed by a literature review.
- A corporate income tax rate of **6%** for small enterprises (which represent 86% of merchants using platforms), and **16%** for larger firms.
- A CIT of **0%** on small businesses in their first tax period.¹⁴

⁹ 2025 SME Country Fact Sheet | Lithuania

¹⁰ Copenhagen Economics. 2025. Merchant Partner Survey

¹¹ Online Food Delivery – Lithuania | Statista, retrieved on May, 2025

¹² Projected Drop = Projected Revenue – [(Base Decline * (1 + CAGR)^5)], where Base Decline is €26 million to €76 million

¹³ 2025 SME Country Fact Sheet | Lithuania

¹⁴ Lithuania - Corporate - Taxes on corporate income

We estimate that annual corporate tax revenue losses will range from approximately **€1.1 million** (low impact scenario) to **€4.0 million** (high impact scenario).¹⁵

SMEs constitute around **99.8%** of all enterprises, contribute up to **72%** of total employment, and account for approximately **63%** of Lithuania's economic value added.

In June 2025, the Lithuanian Parliament adopted changes to the CIT – coming into effect on January 1, 2026 – increasing the rates from **6%** to **7%** for small businesses and from **16%** to **17%** for larger firms. At the same time, the exemption period during which new businesses benefit from a 0% CIT rate has been extended from one to two tax years.¹⁶

While this extension may temporarily delay CIT payments for newer firms, the overall increase in tax rates suggests that the budgetary revenue losses due to reclassification are likely to be greater once the amendment becomes effective.

¹⁵ For more details on PPG's methodology for calculating annual corporate tax revenue losses, see the Appendix.

¹⁶ [Corporate income tax set to rise to 17 % | Parliament of the Republic of Lithuania - LRS](#)



4 Decline in Worker Hours and Earnings

Courier Partners are drawn to app-based delivery work primarily because of the high degree of flexibility it offers. They value the autonomy to choose when, where, and for how long they work – without needing to commit to fixed shifts or seek approval for time off. This independence allows them to accept or decline orders freely, work across multiple platforms, and structure their schedules around other personal or professional commitments such as education, caregiving, or full-time jobs.

Some **77%** of respondents identified freedom to schedule work around other activities (like hobbies, travel, studies, or other employment), the ability to choose how many or few hours to deliver each week, flexible scheduling to care for family members, and the option to start or stop work at any moment as the top benefits that set delivery apps apart from other earning opportunities.¹⁷ These insights highlight that flexibility is not just a perk, it is the defining feature that makes platform work viable and attractive to many people in the Lithuanian labour market.

Our analysis and model focus on the concept of ‘engaged time’, that is, the period during which Courier Partners are actively completing a delivery or are en route to collect one from a merchant. We consider engaged time a more accurate reflection of the time

Courier Partner devotes to delivery work than simply looking at total time logged into the app. There are two main reasons for this distinction.

First, Courier Partners work on multiple platforms simultaneously which means they could be spending time online on more than one platform or even using one platform while completing deliveries for another one. Adding together the amount of time spent on all platforms could overstate their true engagement levels.

Secondly, many Courier Partners remain online even when they are not engaged in tasks, often using that time for other activities. For example, around **34%** use non-active periods for personal activities like listening to music, podcasts and watching TV; **29%** report using the time to answer emails and phone calls; and over **20%** CPs run personal errands like grocery shopping and driving family members – and some even using the time to study.¹⁸

Given this flexible use of platform availability, total logged-in time would overstate actual working hours. Therefore, using engaged time provides a more accurate and policy-relevant measure of platform-based work effort.

¹⁷ Copenhagen Economics. 2024. Survey of Courier Partners – Lithuania

¹⁸ Copenhagen Economics. 2024. Survey of Courier Partners – Lithuania

We find that Courier Partners, on average, make around **€10.55** after expenses¹⁹ for every hour they actively work. The minimum gross hourly wage in Lithuania currently stands at **€6.35**²⁰, meaning that Courier Partners earn approximately **66%** more than the statutory minimum on a per-hour basis.

When app-based delivery companies receive fewer orders, workers will have fewer hours to work and will collectively earn less.

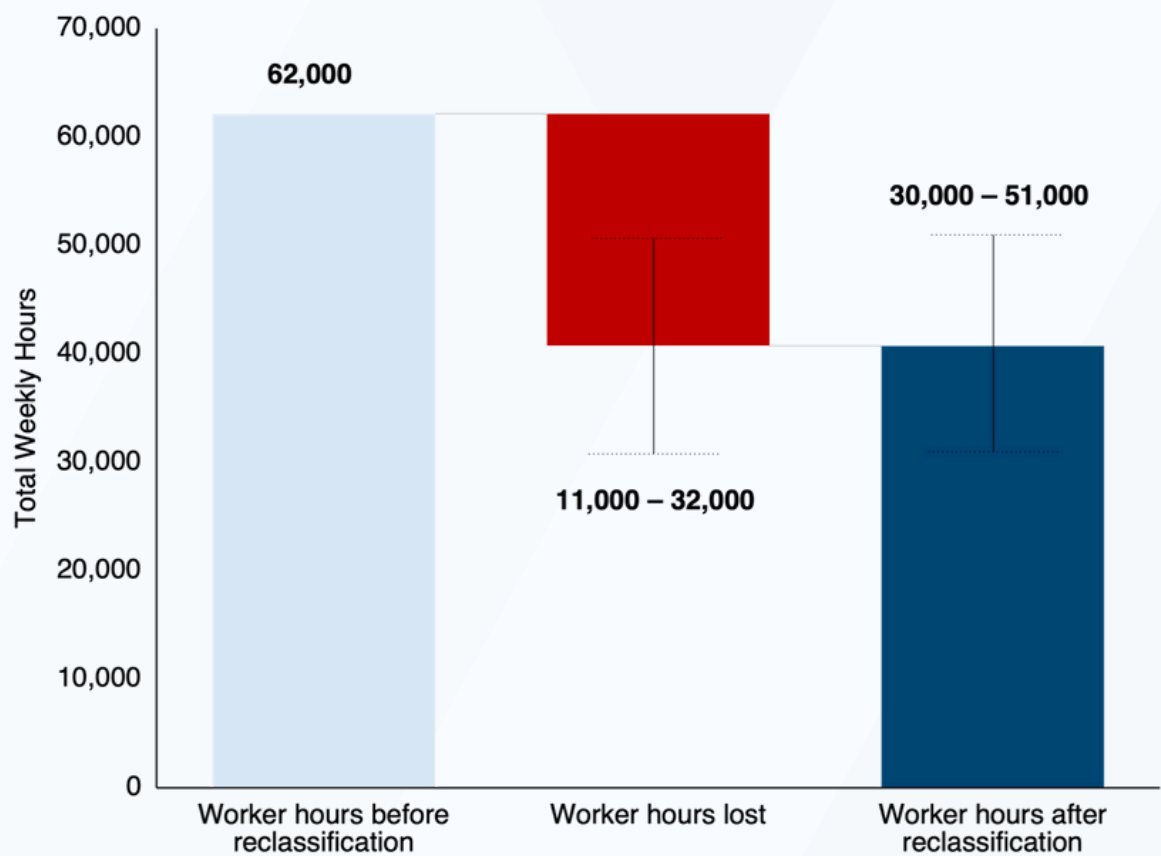
Based on our analysis of industry data in Lithuania, we estimate that app-based delivery workers currently contribute over **62,000 hours** of work per week across platforms. If customer demand for delivery services declines in response to higher prices resulting from the reclassification of workers as employees, the total number of working hours available in the industry would shrink significantly. Specifically, under the price elasticity scenarios of -0.55 to -1.2 and price increases of 32% to 43%, the sector could see a reduction of **11,000–32,000** working hours per week.



11,000–32,000 hours

Fewer weekly hours available
Total available work falls by **11,000–32,000** hours per week.

Figure 2. Decline of up to 32,000 hours available for workers to work each week



¹⁹ Cornell University authors found that app-based workers' expenses average 10% of their gross earnings. L Hyman, et. al (2020). [Platform driving in Seattle](#).

²⁰ [Payroll in Lithuania](#) | Leinonen Group

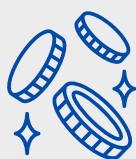


When work hours are lost, worker earnings decline

With a decline of 11–32,000 weekly hours over 52 weeks, this reduction would significantly decrease couriers' earnings. With an average hourly earnings rate of €10.55 (net of expenses), the annual loss in total earnings for app-based workers (net of expenses) would amount to between **€6 million** and **€17.5 million**.

These losses are particularly concerning given that many couriers rely on this flexible work to support their households, supplement incomes, or balance multiple responsibilities. For example, when asked about their financial goals for engaging in delivery work, **41%** of Courier Partners said they do so to generate savings, **36%** to support their families, **20%** to pay off debt, and **17%** to finance their studies.²¹

The decline in personal income of Courier Partners also has implications for public finances, as reduced earnings lead to lower personal income tax (PIT) contributions. Based on our estimation, the Lithuanian government could face an annual PIT revenue loss ranging from **€1.2 million** to **€3.5 million**.²²



**€6 million -
€17.5 million**

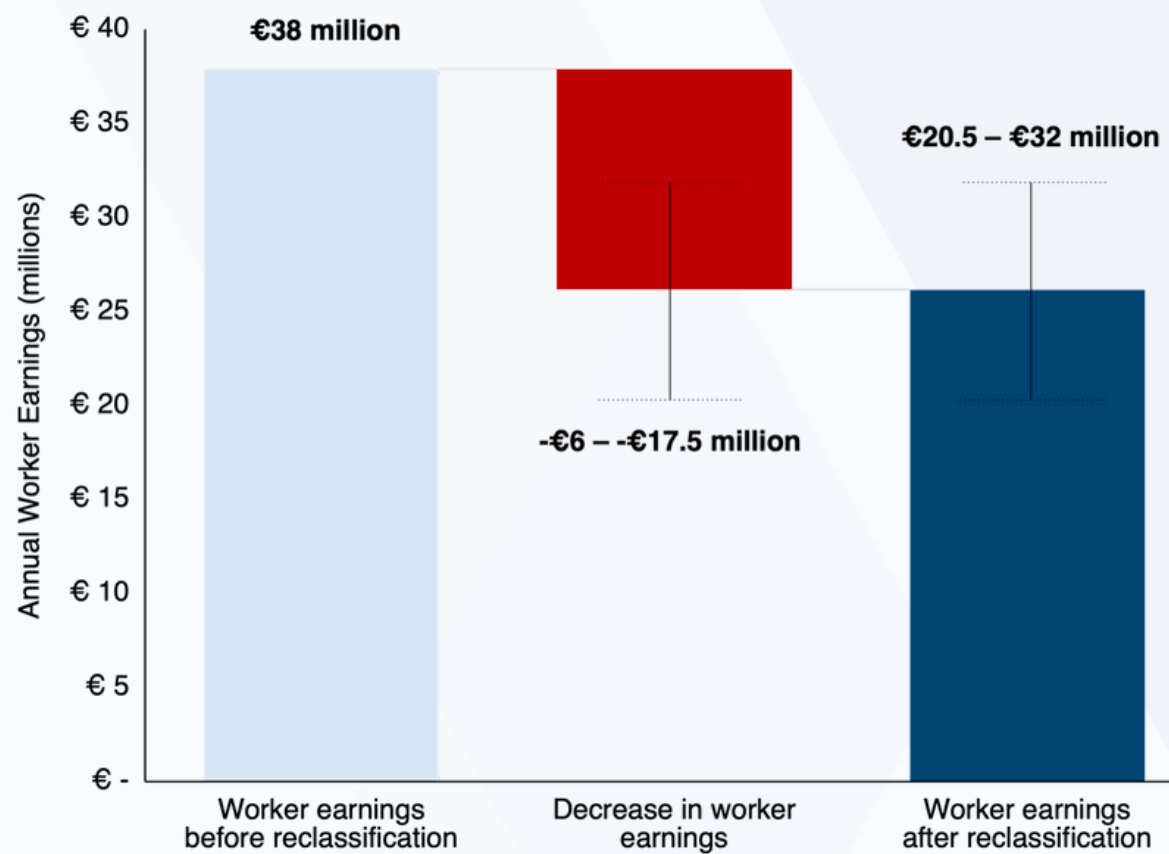
Reduction in annual worker earnings

We estimate a reduction in annual workers earnings of between €6 million and €17.5 million (net of expenses).

²¹ Copenhagen Economics. 2024. Survey of Courier Partners — Lithuania. These figures reflect non-mutually exclusive responses, with many couriers selecting multiple financial goals.

²² We assume that the average app-based delivery worker earns less than €126,532 per year, an income level consistent with our data, making them subject to the standard 20% PIT rate.

Figure 3. Up to €17.5 million in earnings lost annually (net of expenses)



5 Fewer Earnings Opportunities

Based on current demand levels, we estimate that there are over **8,500** earnings opportunities available with app-based delivery platforms in Lithuania. This is based on our estimate of the total number of engaged hours worked each week across the industry, divided by the average number of engaged hours that workers currently choose to work (roughly 7 hours per week).

As shown earlier, the reclassification of app-based delivery workers is expected to increase consumer prices and therefore reduce demand.

This will have significant consequences for the earnings opportunities available to residents of Lithuania who rely on access to app-based delivery platforms to work flexibly and earn income.



We model the impact of reclassification on earnings opportunities **via two channels:**

Initial loss due to lower demand

When prices rise, customers respond by lowering their demand for app-based delivery services, leading to fewer hours of work available for workers.

Our model suggests that weekly hours available for app-based workers will fall by **11–32,000 hours** if workers are reclassified as employees. If app-based workers who are retained could continue to work around **7 hours** of engaged time per week, there would be a loss of **1,500 to 4,400** earnings opportunities, which means a loss of **18–51%** of current earnings opportunities due to lower customer demand alone.

Secondary loss due to fixed schedules

Reclassifying app-based delivery workers as employees would take away the flexibility that enables them to earn money on their own terms. **77%** of Courier Partners agree that app-based delivery work gives them the freedom to schedule their work around other activities (e.g. hobbies, travel, exercise or studies, etc.). **74%** say the flexibility to decide how many or how few hours to work in any given week is a benefit they could not get from other earnings opportunities.²³

If Courier Partners are reclassified as employees in Lithuania, we expect that companies would likely enforce minimum shift requirements and fixed schedules to manage costs and efficiency. In such a scenario, it would no longer be feasible for CPs to work a few hours a week or switch between multiple apps freely.

Currently, there is no minimum number of hours workers are required to work, and most delivery workers actually choose to work fewer than **7 hours** of engaged time per week.²⁴

We expect companies would consolidate the reduced number of available hours into formal part-time (**20 hours/week**) and full-time (**40 hours/week**) roles.²⁵ This assumption is more conservative than our research peers in California (cited above) who assume that ride share and delivery companies would require all employees to work **40 hours**²⁶ per week.

When the lower number of hours available to work are consolidated into half part-time jobs and half full-time jobs, the number of weekly earning opportunities would drop further down to **1,500 to 2,600** roles only, causing a secondary loss of **6–7,000** opportunities. This corresponds to a **70–82%** decline in the number of workers who can earn on app-based delivery platforms.

²³ Copenhagen Economics. 2024. Survey of Courier Partners — Lithuania

²⁴ PPG analysis on industry data

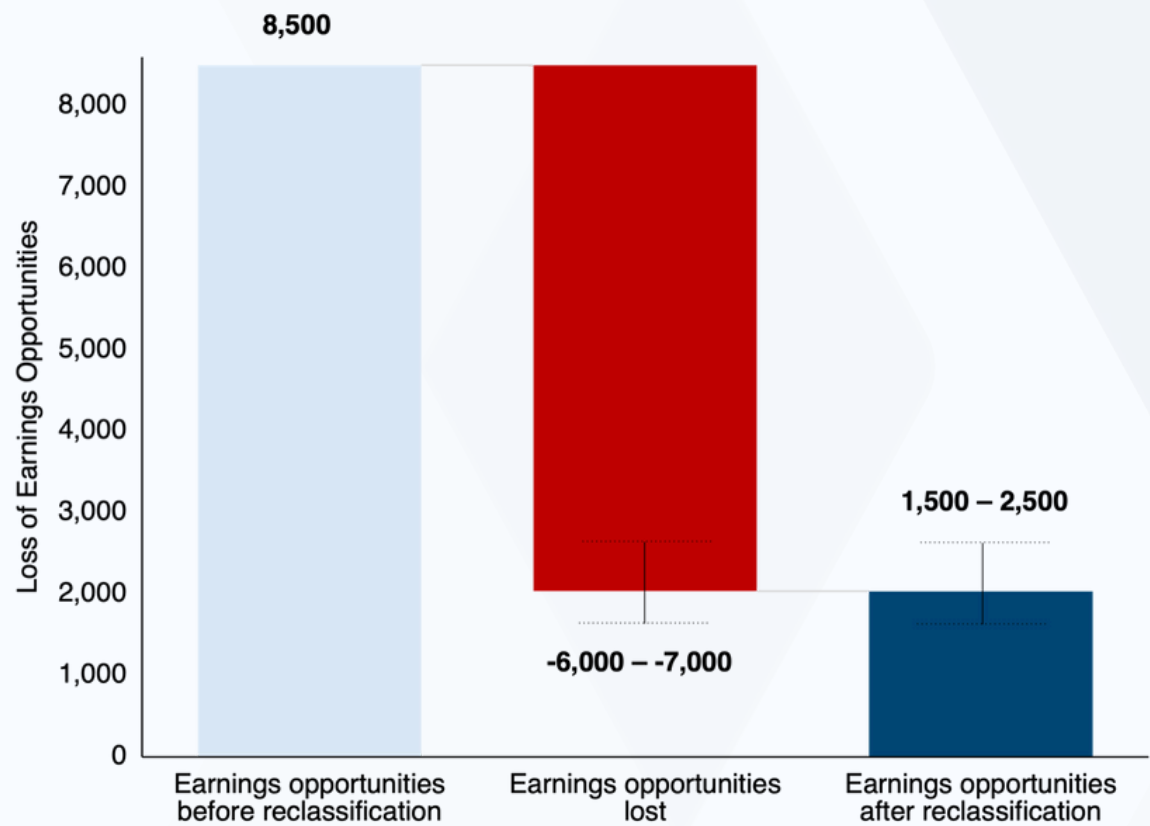
²⁵ We assume, based on previous research studies, that 'engaged time' represents around 75% of total time that app-based workers are signed in to an app.

²⁶ Converted from 'engaged time' to total time signed-in to the app.

6,000–7,000

Loss of earnings opportunities
app-based delivery earnings opportunities will be lost, representing a loss of **70–82%** of current earnings opportunities.

Figure 4. Loss of 70–82% of earnings opportunities



6 Appendix: Methodology

Our modelling approach builds on the methodologies set out by Beacon Economics (2022)²⁷ – which studied the impact of reclassifying app-based rideshare and delivery workers in Massachusetts, in the United States – and Berkeley Research Group (BRG) in its 2020 report²⁸ on California app-based driver and delivery worker job losses.

We have sourced proprietary, aggregated industry data that helps us estimate the number of Courier Partners across all app-based delivery platforms in Lithuania over a three-month period, as well as their hours of engaged work and their earnings. We also analyze merchants' orders and revenue data over the same period.

First, we estimate the increase in prices for consumers. Prices will rise in line with the increased regulatory costs faced by employers, which we have calculated in three steps:

1. Estimating the post-reclassification 'higher' gross wage needed to maintain workers' pre-reclassification net pay after accounting for higher income tax using:

$$\text{Gross Salary} = \frac{\text{Net Salary Before}}{1 - t}$$

where t is the sum of Personal Income Tax (PIT) and Social Security Contributions (SSC) rates.²⁹

2. Adding social contributions paid by employers after reclassification on gross salary:

$$\text{Total Cost} = \text{Gross Salary} * (1 + c)$$

where c is the employer contribution rate.³⁰

3. Lastly, calculating the employer cost increase:

$$\text{Cost Increase} = \frac{\text{Total Cost} - G_o}{G_o}$$

where G_o is the gross salary paid under the old (self-employed) model.

We then assume that companies will either partially or fully pass through the modeled cost increase to consumers. Customers respond to higher prices by reducing their demand for app-based delivery services.

²⁷ T Osman, Beacon Economics, How many app-based jobs would be lost by converting rideshare and food delivery drivers from independent contractors into employees in the Commonwealth of Massachusetts?: February 2022

²⁸ D Lewin, W Hamm, M Kim, Berkeley Research Group, Analysis of driver jobs if gig economy companies must reclassify drivers as employees rather than independent contractors: May 2020.

²⁹ PIT and SSC are respectively assumed at 20% and 19.5% in Lithuania. Source: PwC.

³⁰ Assumed at 2.49%.

We model two scenarios, a base case and a downside case:

Base Case

This scenario is the minimum impact we expect employment reclassification to have. We conservatively assume that cost increases will partially (75%) contribute to increase in consumer prices, and that customers have a 'price elasticity' of -0.55, meaning that for every 1% increase in prices, customer demand will fall by 0.55%.

Downside Case

This scenario reflects the potential for a more significant negative impact. We assume that cost increases will fully (100%) contribute to increase in consumer prices, and that customers have a 'price elasticity' of -1.2, meaning that for every 1% increase in prices, customer demand will fall by 1.2%.

Lower customer demand means that merchants will not receive as much business as they did previously. This will induce revenue losses for local businesses who will sell fewer goods through app-based delivery platforms.

To compute government revenue losses due to a decline in merchant sales, we use:

$$\text{Tax Revenue Loss} = \left(X \times ((1 - \text{EBR}) \times 86\%) \times 6\% \right) + (((X \times 14\%) \times \text{PM}) \times 16\%)$$

Where, X is decline in Merchant Revenue, 86% is the share of small businesses in delivery apps, 6% is the CIT for small businesses as percentage of revenue, 14% is the share of medium and large businesses, PM is the average profit margins in retail and food delivery businesses in Lithuania, and 16% is the CIT on profits for medium and large businesses.

EBR is the Enterprise Birth Rate; we use it as a proxy for small businesses in their first year of functioning for which the CIT is 0%. Lithuania's EBR in 2022 was 18.3%.³¹

Furthermore, less orders through platforms reduces the number of hours available for app-based delivery workers to work, their total earnings, and the number of earnings opportunities available.

App-based workers would also be converted to fixed schedules (we conservatively assume that half of the workers retained as employees are required to work part-time and half are required to work full-time), thereby reducing earnings opportunities for a vast pool of workers, since companies will be forced to employ only a fraction of the original number of workers and require each to work extended, fixed shifts.

The lower number of hours available (due to lower customer demand) would therefore be distributed among a much smaller number of workers.

Simply put, a smaller pie will be shared between fewer workers.

Additional details about our methodology are available on request.

³¹ [Structural business statistics overview | Eurostat](#)



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