

# *Reflections on the Development of the Street Stall Economy in China*

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**Abstract:** Affected by the COVID-19 epidemic, economic development is under downward pressure. revitalizing the economy plays a unique role in easing unemployment and stabilizing society. The article first focuses on the reasons and current situation of the Chinese stall economy, then discusses the problems and solutions in the long-term development with the proposal that more specific time and space management, as well as digital technology, should be added to street vending to adapt to the future urban construction and social development. This helps to find a sustainable developing way for street business.

**Keywords:** street stall economy, governance, digital transformation

## 1. Introduction

In 2020, former premier Li Keqiang emphasized the importance of the street stall economy for creating jobs when he visited the stalls in Yantai, Shandong Province, after which "The street stall economy" became one of the hottest words in China. With the advent of the post-pandemic period, the popularity of street vending turns out to be a positive signal for reviving the economy as it provides people with diversified job opportunities and adds a lively atmosphere to nearby communities.

Street stall economy refers to an informal economic situation formed by obtaining income sources through street vending. According to Wang [1], this unofficial trading economy is a low-cost commercial model in which people set up stalls in urban streets to obtain income in the form of free selling of individual labor and low-priced goods. Street business is always a big problem for the city's governance as it is easy to affect the city's appearance and environmental sanitation. However, the street-stall economy itself also has unique innate advantages, which can alleviate the employment pressure, stimulate consumption and enhance economic vitality, especially in the recession period.

Under the wave of digitalization, promoting the combination of stall economy and digital technology is irresistible [2], the continuous development of information technology such as the Internet, cloud computing, and big data provides more possibilities for managing street vending. The emergence of various short video, social and live-streaming platforms also provides more space for its development. Some scholars discuss it from the perspective of managers and producers, stating that digitalization can start by developing intelligent management applets, using big data to analyze consumer preferences, guiding vendors to operate online, and strengthening platform management [3]. Some scholars, on the other hand, explain that the street stall economy could attract consumers by combining short videos, live broadcasts, and other modes. To sum up, most studies chose a single point of view, such as consumption, supply, or government management, to discuss and rarely

mention how to create a governance system by integrating resources to promote the healthy development of the street stall economy jointly. This paper reviewed the situation of street vendors to put forward approaches for stall owners, consumers, governments, and other stakeholders to boom the development of street vending with joint effort.

## **2. Current Situation of Street Vendors' Economic Development**

### **2.1. Good Way to Alleviate Unemployment**

Affected by the continuous impact of the COVID-19 epidemic, the current domestic employment situation is grim, with a large number of manufacturers' production scale declining, shops closing, and unemployment increasing. Spreading the economy can solve the temporary work problems of a small number of laid-off workers, operators with business failures, homeless people, disabled, and others attempting to meet their spiritual needs [4]. broadening the channels for people to increase their income. For many college students who are in frictional unemployment, the expectation of their future jobs may be lowered when economic conditions are poor, and they are more willing to accept temporary employment channels. Since entering sidewalk vending doesn't need much professional knowledge, it is an excellent way to make up for the loss of seasonal or structuring unemployment by becoming a vendor. To sum up, the street stall economy provides a flexible and convenient employment channel for the labor force, which can alleviate the employment problem brought on by the economic downturn to a certain extent.

### **2.2. Content Different Levels of Consumer Demands**

Large and medium-sized markets tend to satisfy middle and high-level consumers, on the contrary, the existence of street vending can meet the survival needs of low-income groups [5]. Influenced by the epidemic period, it is easy to find that consumer preferences gradually inclined to products with lower prices and the street stall economy may become more popular from all social strata. Furthermore, new kinds of street businesses like trunk markets and art markets come into being. These emerging forms of stalls are no longer simply mobile stalls on the street but more fashion-gathering places for young people to pursue their values and better lives. Pan, Wang, and Tian described this as the phenomenon of stall economy 3.0 and they attributed it to the fact that the unstable employment environment makes the security demand more prominent, and the stalls can bring people psychological security and comfort [6].

### **2.3. Boost Economic Development Confidence**

It is precise because the street economy can add the human touch to the city, create a lively and warm atmosphere, and promote the development of the street economy can release a clear signal of economic recovery to people. Put another way, the government opening its economic policy is beneficial for regaining national confidence and showing its positive attitude towards seeking solutions to problems [7]. In addition, due to the low threshold of the street business, the development of ground stalls can enhance public participation, show the vitality of the market, and restore national confidence in economic development.

### **2.4. Negative Externalities**

It is true that the development of the street stall economy has many advantages, but it must be restrained by proper management measures. Otherwise, it will appear to have abnormal growth and cause a series of social problems. First of all, the health management of street vendors and nearby locations is worthy of great attention. According to the study conducted by Liu, Z., et al. [8], vendors

are usually unable to follow proper sanitation practices in most cases. Not only the level of hygiene adopted by the street food vendors in the course of food preparation is low, but also the raw materials they used may come from adulteration. Besides, food on the stall often has no reliable safety guarantee and the stall owners often lack awareness of after-sales services, food safety problems, and other product quality problems happen frequently. With poor supervision, it is difficult for consumers to safeguard their rights. In addition, because of the lack of corresponding sanitary environment management, the stalls often produce a large amount of garbage, polluting the nearby streets and damaging the city's image.

Setting up stalls in inappropriate positions will also cause a series of public security problems. For stalls set up in railway stations, underground passages, and places with large traffic flow, if the safety passages of these public places are blocked, it will easily lead to the tragedy of people trampling in the case of fire, explosion, and toxic gas leakage, which will increase the potential dangers of public safety, demonstrated by Wang [4].

What's more, due to the flexibility of the street vendor's economy, it puts forward corresponding and more stringent requirements for the city's public security management and development. For a long time, the phenomenon of mobile vendors occupying public space indiscriminately or urban management using their authority indiscriminately has been widespread everywhere. The contradiction between vendors and urban management has always been one of the focuses of urban management. Meng, Y. and M. Yao sums up two prominent contradictions, one is the contradiction between the development of "stall economy" and the construction and progress of urban civilization; the other is the contradiction between the livelihood interests of the people at the bottom of the "stall economy" and the "performance bidding" of urban managers [9]. However, it is truth for some places in China, chengguan, Chinese urban management officers, would like to take a "Let it be" approach so vendors can operate freely, for others, the local authorities are "zero tolerate" towards vending and most vendors have to fly everywhere to find their livelihoods [10]. Evidently, how to ease the relationship between street vendors and urban management and turn contradictions into inclusive coexistence is still a challenge that the government needs to solve. According to Li [11], governments should make an in-depth analysis of the problems and take relevant measures to solve real problems rather than simply "cut across the board" when they are dealing with street vending problems. Furthermore, special attention should be put on guiding and standardizing of street stall economy so that it can be carried out in an orderly manner according to law. As Wang, W. [1] concludes, the improvement of the vitality of public space should not be limited to the transformation of physical space, but should also reflect the "urbanity" and "spirituality" it carries. Keeping the hustle and bustle of street vending and minimizing the negative externals of it could be a challenge but also an opportunity to show a city's inclusiveness and humanity.

## 2.5. The Vicious Competition

First of all, most of the stalls will have the problem of product homogeneity. Affected by consumer demand, geographical location, transportation, weather, and many other factors, a large number of vendors will gather together to sell products that are most popular with consumers. At this time, the problem of oversupply will easily arise. Besides, when more and more people with better economic conditions participate in informal trading activities, they will, to a certain extent, crowd out the market of people who need a booth to make a living. People with better economic foundations generally have more advantages to create products and win the favor of consumers which will bring a more tremendous blow to the stall owners who are restricted by funds, and even face the risk that they will eventually have to withdraw from the market.

There is also a bad competitive relationship between the street vendor economy and formal business. Zheng [5] describes the real economy as a symbol of a city's competitiveness and national

economic strength. The depression of the real economy may produce great negative emotions for people, breeding various social problems. However, there is a contradiction between the free development of street vending and the regularity of formal businesses [12]. Since the scope of trading from street vending is so wide that most of the goods and services from carts and booths can cover citizen demands and may overlap the supplies from nearby markets and convenience stores. What's worse, when governments introduce favorable policies towards informal business to encourage jobless residents to make their lives, it may also lead to more commercial entities choosing to join the stalls and giving up the operation of physical stores, thus affecting the development of the real economy.

### 3. Approaches

#### 3.1. Governance Against Negative Externalities

The social costs caused by environmental pollution and public disorder in the development of street vendors' economy should be included in the production costs of suppliers. For example, establish and improve the vendor sanitation responsibility mechanism, include paving sanitation in the evaluation of qualified vendors, and urge vendors to join the garbage collecting process. The relevant regulatory authorities evaluate the health status randomly, and those who maintain a good health environment can obtain certain benefits, such as the right to enjoy better facilities or opportunities to be advertised on social media to attract more customers. For poor sanitation, vendors in certain areas could be asked to pay a higher price of rents or environmental maintenance fees. Besides, local authorities could encourage some supermarkets to provide cold-chain storage services for vendors to ensure the freshness of food ingredients. Financial support can also be provided to vendors with certain creditworthiness but experiencing temporary difficulties, especially for traders with low income. Enhancing the infrastructure of markets is also an essential step taken for improving the sanitation of street vending like constructing centralized processing to cut down the cost and overcome critical technologies for disposal. Take the Shilin night market in Taipei, China, for example, the market is equipped with a culvert for sewage treatment. With the introduction of the pedestrian-vehicle branch system, it becomes much more convenient for pedestrians to pass and goods can be transported more efficiently [13].

As for security problems, we should improve the regulations on the management of those who disturb the public order, give certain warnings, and collect higher fines for the stall owners who cause greater public order problems. For those who disturb public order frequently, certain coercive measures should be taken to crack down on them. The New York government also published supporting policies for sidewalk vending. On weekends, New York municipal departments will close a section of one or two streets in Manhattan to cars, and small vendors will sign up to set up stalls on the streets. At the same time, the government allocated funds to some literary and art groups to stage performances at street fairs to attract tourists [14].

To effectively resolve the contradiction between vendors and urban management, we can start by changing the image of urban management. It should be made clear that the management of vendors by urban management is not "violent law enforcement", but positive guidance. Functionally, urban management can play a role in maintaining public security management in the temporary stall area and evaluating the paving hygiene condition from time to time. Secondly, an autonomous committee can be set up between the chengguan and the stall owners' representatives to facilitate communication between the chengguan and the stall owners. At the same time, it can play the role of mutual supervision, advice, and suggestions, and help the sound development of the street stall economy.

### 3.2. Strategies for Alleviating Malignant Competition

Given the severe homogenization problem of stall products, from the perspective of stall owners, observe the consumer demand and combine their advantages to create their differentiated products; According to Li [11], Government departments can provide relevant technical support for stall owners, including supply channels, management skills, honest management, quality assurance services, and differentiated development suggestions. to help stall owners solve various practical difficulties in vending management. We can think more about the creation of stalls and add "buy some content"; It can also start from the consumer service experience to improve the service satisfaction of consumers; Moreover, it can increase the attraction to consumers visually from the angles of booth image design, product appearance, and media publicity. Considering the pressure on low-income people caused by stalls set up by vendors with good economic conditions, on the one hand, the relevant departments can conduct regular surveys on the background of the total assets of the vendors' families, and give some advice to vendors with excessively high family income; On the other hand, authorities could provide positive policies to traders with financial difficulties, such as giving government grants or other financial benefits. According to South Korean government policies, the relevant authorities re-examine the business qualifications of stall owners every three years, which means that operators with household assets exceeding the standard may be persuaded and experience operational control from the government [15].

As for the contradiction between street vendors and regular commercial entities, the differentiation between street vendors and commercial entities can be improved from the perspectives of product grade and target customers, and street vendors are not encouraged to be placed in shopping malls, while commercial entities are not encouraged to join street vendors. According to Li [11], parks, and squares are excellent places to sell breakfasts and snacks since several residents would like to walk around these places in the morning, while communities are wonderful places to sell fruits and other necessities. Moreover, setting up different functional zones could also be a solution to alleviate the vicious competition between the real economy and the street stall economy. For instance, allowing different stores and brands to carry out outdoor promotions or hold temporary activities in suitable business areas with the prohibition of booths to sell goods at the squares in front of megastores. community markets could also be founded at specific places and they could be operated and managed by community members. Last but not least, government departments can also encourage the spread and development of excellent local folk culture with local characteristics, encourage differentiated operations, and create a new economic fashion with different styles and characteristics of each city.

### 3.3. Optimizing the Time and Space Management of the Stall Economy

From the perspective of space management, the development of street vendors' economy can be combined with the future planning of the city. Concerning the practice of South Korea, the city is divided into an absolute no-entry zone, a relative no-entry zone, and an induction zone for street vendors [15]. It is forbidden to enter areas where people flow, traffic is intensive, and it is difficult to manage public security. These areas can strengthen the supervision of urban management and increase the punishment of mobile vendors. Given the relatively forbidden zones, temporary zones could be set up which need advanced applications for entering. In New York, the number and location of all legal vendors are planned and set up by government departments. [14] In this way, it is convenient for the relevant departments to supervise and manage the stalls, and at the same time, a reasonable and standardized development area has been designated for the stall owners. These special stall areas should be equipped with better-supporting facilities to encourage stall owners to enter, such as garbage sorting and recycling areas, and ground cleaning equipment should be improved to maintain a hygienic environment. At the same time, certain supervision and evaluation should be set

up in the areas. For example, public security supervisions are responsible for guiding the display of on-site stalls and controlling the flow of people to prevent public hazards such as stampedes caused by excessive flow of people. In a nutshell, through the establishment of urban districts with street stalls for economic management, the government can facilitate better management, achieving a definite object in view and concentrating more resources on areas that need key management.

From the point of view of time management, the government can issue related policies to designate the operation hours of stalls in different regions. For example, the Rose Bowl Flea Market in California and the "Flea Market" in Rome both choose to operate in a specific period, generally avoiding the peak period of store operation, such as 8: 00 am-2:00 pm or 20: 00 pm-24:00 pm. [11] At the same time, it can encourage the establishment of weekly fairs and some stall festivals with local characteristics to encourage people to participate in stall activities at a fixed time to promote the development of the street stall economy.

### 3.4. Digital Transformation

Creating a digital sharing platform or developing a specific APP for street vending may be of great help for the management and development of street vending by integrating big data from consumers, suppliers, and other stakeholders [2]. Pan, Y., et al. [6] recommend building an innovative ecology of street stall economy with all-around linkage from the government, third-party institutions, and Internet platforms to physical stores. In detail, it is possible to combine street stall economy with online maps, marking out the best or prohibited areas for vending and operating time. Besides, for stall owners, related services such as order management, cash receiving, and customer analysis could be provided thus they can concentrate on their operating performance and adjust their business targets to adapt to the changing environment in a faster manner. What's more, communication is also an essential part of business operations as it is propitious to reduce asymmetric information and enhance customer stickiness. For example, the platform could help vendors to add information exchange groups for them to share their locations and obtain demands and comments from customers. In South Korea, small vendors spontaneously set up an association (KOSC) from inside of the industry and established an official website for multiple functions ranging from sharing the latest economic policies and practical problems to business experience [15].

When it comes to consumers, they can also benefit from the digital platform as they can obtain real-time locations of various stalls, and search for products that can meet their own needs quickly. The regulatory authorities can also improve their management of street vending using gathering registered stall owners' names and other identified information. In case of product quality or food safety problems, they can quickly track down individuals to do investigations accurately and efficiently.

As for the sanitation departments, they could also assess the food quality from booths irregularly and those outstanding vendors with high-quality products may be given certain incentives from the platform, such as being shown on the high-praise ranking list or being reported on posters and tweets as free advertisements.

Zhu, Y., et al. [2] put forward a new mode for the operating stalls: new stall + short video + live-streaming, which attach importance to mixing the offline selling and online live show via Tiktok, RED, Bilibili, Taobao and other online platforms. WeChat official accounts, gourmets, internet celebrities, and brand operation teams could also be invited to join the platform, helping vendors to create their brands. Take Hangzhou Wulin Night Market, for example, this well-known night market integrates digital technology, attracting many customers through live-streaming marketing and opening online shops [2]. Apart from the mentions above, some excellent entities can also enter the platform providing high-quality supply and creating emergency supply channels to avoid shortage of materials.

## 4. Conclusions

In summary, the street stall economy has developed rapidly in recent years. Although there are still many problems like environmental pollution and vicious competition to be solved, we still can see the bright side it brings to the booming of the economy. By calling for cooperation from the governments, suppliers, consumers, and stall owners themselves, we can build a better environment for the street stall economy to develop sustainably.

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