

# The Complementary Mechanisms and Collaborative Governance Construction between Street Vendors and Formal Community Commerce

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## Abstract

China's urbanization has entered a new stage characterized by high-quality development and refined governance. Street vendors and community-based commerce coexist as integral components of livelihood services. From the perspective of functional complementarity, this paper first analyzes the characteristics of street vendors and formal community commerce in terms of service positioning, spatiotemporal layout, business structure, and demand responsiveness. Second, it examines the differences and complementarities in their commercial functions, identifying complementarities in time, product categories, pricing, and goods provision. Finally, by clarifying the dimensions of complementarity and the interaction logic between the two within the community commercial ecosystem, the paper proposes a framework for their collaborative governance. This study provides a reference for balancing urban order, livelihood security, and community vitality, and promotes the formation of a new pattern of community commerce that is convenient, orderly, and dynamic, characterized by "formal commerce as the mainstay and street vendors as a supplement."

## Keywords

street vendors, community-based commerce, functional complementarity, commercial ecosystem, informal economy, urbanization

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## 1. Introduction

At present, China and Western countries are experiencing fundamentally different trajectories of urbanization. China is transitioning from a model driven by "speed and scale" to one emphasizing "quality and substance," while facing the issue of "semi-urbanization" and advancing urbanization in a gradual and steady manner. In contrast, Western countries have largely entered a stage of stock renewal and re-urbanization, progressively shifting toward green, smart, and inclusive urban development. Meanwhile, urbanization in both China and the West not only serves as a driving engine of domestic development but also provides a critical lens for understanding global economic dynamics, governance rule competition, and the contestation of development models.

Street vendors are small-scale operators engaged in mobile forms of trade, commonly found in high-traffic areas such as urban streets and market surroundings. Their business activities typically rely on mobile

tools such as handcarts and tricycles, and are characterized by the absence of fixed stalls, high flexibility, and low operating costs. Community-based commerce, by contrast, serves as the core carrier for ensuring residents' daily needs and for constructing the "15-minute convenient living circle." Together, the two form a complete ecosystem of grassroots urban commercial services. As China's urbanization enters a stage of high-quality development and refined governance, urban governance philosophy is shifting from "rigid control" to a more flexible and inclusive approach that combines regulation with accommodation. Street vendors, once treated primarily as objects of regulation, are increasingly recognized as important contributors to livelihood services and community vitality. At the same time, formal community commerce faces practical challenges, including insufficient service coverage, homogenization of business formats, and lagging responsiveness to residents' immediate needs. In contrast, street vendors play an irreplaceable role in filling service gaps, satisfying diverse consumption demands, and absorbing flexible employment. However, they also pose governance challenges related to order, safety, and the urban environment.

Given that street vendors and formal community commerce are often regarded as competitive or substitutive relationships, existing studies have largely focused on conflict management and unilateral regulation. Nevertheless, research on their intrinsic functional complementarity, spatial coordination, and differentiated business positioning remains insufficient. As a result, there is a lack of systematic analysis explaining how the two can enhance the overall efficiency of community commerce through division of labor and cooperation. Notably, various local practices—such as "time-shared markets," "designated vending zones," and "integrated outdoor business operations"—have begun to demonstrate preliminary effects of symbiosis.

Taking functional complementarity as the analytical starting point, this paper systematically examines the differences between street vendors and formal community commerce in terms of service positioning, spatial layout, business structure, and consumer demand. It further clarifies their multidimensional complementary relationships and interaction mechanisms within the community service system, and on this basis constructs a collaborative development framework adaptable to grassroots governance practices. Closely aligned with the practical demands of modernizing urban governance, this study not only provides a theoretically grounded and practically relevant pathway for balancing urban order, livelihood security, and community vitality, but also contributes to the formation of a new community commercial pattern that is convenient, orderly, and dynamically coexistent, characterized by "formal commerce as the foundation and street vendors as a supplement."

## **2. Characteristics of Urban Street Vendors and Formal Community Commerce**

### **2.1 Characteristics of Urban Street Vendors**

- 1) **Operating Hours:** Street vendors exhibit a high sensitivity to time. Through prolonged observation and experience, they develop a clear understanding of activity patterns across different time periods. Accordingly, vendors adjust their operating hours in response to the behavioral patterns of their target customer groups.
- 2) **Product Categories:** Differences in product categories among street vendors often lead to the phenomenon of turnover within vendor groups. Zhou Xiaosui and Wu Xiao [1], in their investigation of street vendors around the Yuelu Mountain university district, found that when operating hours are highly concentrated, group turnover is rare; however, when operating hours are more dispersed, shifts in business categories tend to occur.
- 3) **Pricing:** Due to the absence of rent and relatively low labor costs, most street vendors set their prices below those of community-based commercial establishments (such as supermarkets), thereby enhancing their local competitiveness and attracting consumers.
- 4) **Spatial Distribution:** Hu Ying and Shen Jintao [2], based on a study of street vendors in Suzhou, found that vendors tend to attach themselves to different types of public spaces according to their business content and competitive advantages, in order to maximize their operating profits.

## 2.2 Characteristics of Formal Community Commerce

- 1) **Operating Hours:** Formal community commerce, such as branded chain stores and community supermarkets, typically operates within fixed business hours. Their service hours correspond to the regular daily and weekly routines of residents, rather than catering to sporadic or unplanned consumption.
- 2) **Product Categories:** The business structure of formal community commerce reflects a composite of three functions: basic livelihood (e.g., convenience stores and produce shops), quality-enhancing services (e.g., premium supermarkets and fitness centers), and public services (e.g., childcare services), thereby continuously providing daily-life services for residents.
- 3) **Pricing Strategy:** Formal community commerce generally adopts moderate pricing and often offers membership-based discounts or prepaid benefits, with a focus on retaining repeat customers. Emphasizing affordability and accessibility, it seeks to establish long-term trust relationships within the community.
- 4) **Spatial Distribution:** Its spatial layout is deeply embedded within residential areas, with the “15-minute convenient living circle” serving as its core organizing principle. Formal community commerce typically exhibits a networked and nodal distribution across communities, neighborhood centers, and transportation hubs, and is mainly located at everyday points of passage for nearby residents.

*Table 1: Comparison of key characteristics between street vendors and formal community commerce*

Dimension	Street Vendors	Formal Community Commerce
Time	Highly flexible, appearing during “non-standard” periods such as morning/evening peaks and nighttime	Fixed operating hours following standardized schedules
Product Categories	Highly specialized and immediate (e.g., breakfast, late-night food, seasonal fruits, specialty snacks)	Standardized and comprehensive, mainly packaged food and daily necessities
Space	Non-fixed and highly mobile, occupying “interstitial” spaces such as street corners and metro entrances	Fixed and planned, located in legally designated shops or commercial complexes
Price	Very low (no rent, decoration, or high labor costs)	Medium to low (covering fixed costs and taxes)

From the above, it is evident that urban street vendors and formal community commerce exhibit significant differences in their characteristics. In the past, they were often regarded as competitors, and governance approaches tended to follow a binary logic of “eliminating one side to protect the other,” resulting in a zero-sum outcome. Today, however, both are increasingly viewed as integral components of the urban commercial system. Governance approaches have accordingly shifted toward “boundary delineation, regulated guidance, and integrative empowerment,” giving rise to a complementary relationship. This transformation represents a key manifestation of the evolution of urban management from “simple exclusion” to “refined governance” in fostering a healthy community commercial ecosystem.

## 3. Complementarity between Urban Street Vendors and Formal Community Commerce in Consumer Demand

The emergence of street vending as an occupation is fundamentally driven by market demand. With ongoing socioeconomic development and expansion, the diversification of public demand continues to increase, while urban retail systems struggle to fully satisfy the varied levels of consumer needs in terms of price, location, and services [3]. For example, street vendors provide personalized and distinctive breakfast and late-night food options, thereby compensating for the limited offerings of conventional breakfast shops, which often focus on traditional items. Urban street vendors thus precisely fill the gaps left by formal commerce across multiple dimensions—including time, product categories, pricing, and consumption scenarios—forming a complementary relationship on the demand side.

### **3.1 Temporal Complementarity: Extending Service Hours**

Urban street vendors complement formal commerce through the misalignment and supplementation of operating hours, thereby serving as an important extension of instant consumption. Vendors can flexibly adjust their business hours according to residents' daily mobility patterns. For instance, breakfast stalls typically operate from 6:00 to 9:00 a.m. to serve commuters, while night markets and snack stalls operate from 6:00 to 11:00 p.m. to meet evening leisure consumption needs. In doing so, they precisely fill temporal gaps left by formal commerce—such as insufficient early-morning supply, limited nighttime services, and inadequate flexibility during holidays—transforming community consumption supply from “fixed time periods” to all-day coverage. From the perspective of temporal complementarity, the “off-peak operation” feature of street vendors can be naturally and appropriately understood. The “time-shared vending zones” established in Nanchuan District provide a representative example: vendors selling vegetables and fruits operate from 6:00 to 9:00 a.m. and from 4:00 to 7:00 p.m., while night market vendors selling braised foods and snacks operate from 6:00 to 9:30 p.m. This arrangement not only satisfies residents' immediate consumption needs but also effectively avoids direct, full-time competition with formal commerce. Ding Zhuhui, Chen Xuan, and Zhang Chenyu [4] provide an insightful analysis, noting that night markets have long been key targets of urban governance campaigns such as “civilized city construction.” These spaces, characterized by both economic activity and informal spatial usage, have gradually shifted from city centers into community interiors. Governance policies exhibit clear cyclical fluctuations, transitioning from strict spatial control toward encouraging the development of the nighttime economy.

### **3.2 Product Complementarity: Meeting Immediate and Non-Standardized Demand**

Urban street vendors meet residents' fragmented consumption needs—characterized by “grab-and-go” and immediate use—through the provision of instant goods. Formal commerce primarily offers standardized, branded, and pre-packaged products, with its product structure constrained by supply chains, storage, and display space, making it difficult to provide large quantities of freshly prepared foods, local snacks, or seasonal small commodities. In contrast, the product offerings of street vendors are more closely aligned with residents' daily essential needs, focusing on hot foods, fresh foods, simple fruits and vegetables, and convenient small items. These offerings are characterized by small batch sizes, diverse varieties, high turnover, and convenience. As such, street vendors effectively fill the gaps in formal commerce in areas such as non-standard prepared foods, instant snacks, low-cost fresh produce, and emergency daily necessities.

### **3.3 Price Complementarity: Covering Multi-Level Consumption Capacity**

Urban street vendors match consumer groups through low-cost operations. Due to higher costs associated with rent, labor, and management, formal commercial establishments generally set higher prices than informal operators. In contrast, street vendors benefit from the absence of store rent, relatively low tax burdens, and controllable operating costs, enabling them to offer essential livelihood goods at lower prices. This allows them to precisely serve price-sensitive groups, low-income populations, and consumers with temporary or immediate needs. Moreover, because such low-cost, essential demand is often difficult for formal commerce to cover—and is therefore recognized by formal business operators—the presence of street vendors contributes to a layered complementary structure within community consumption. Specifically, it combines high cost-performance essential goods with standardized, higher-quality offerings, thereby enhancing the inclusiveness and accessibility of community commerce and covering multiple tiers of consumption demand.

### **3.4 Scenario Complementarity: Enhancing Consumption Convenience**

Urban street vendors enhance the applicability of consumption scenarios through rapid spatial mobility. Formal commerce is typically concentrated in fixed stores or commercial spaces, involving physical entry points and spatial thresholds. By contrast, street vendors can flexibly position themselves at community entrances, road intersections, metro stations, and areas surrounding schools—key nodes of pedestrian flow. This enables the creation of highly accessible consumption spaces characterized by zero distance, no entry barriers, and reachability within approximately 30 seconds on foot. For residents who prefer not to enter shopping malls or who seek quick purchases, street vendors provide a more convenient alternative. This shifts consumption behavior from “purpose-driven store entry” to “spontaneous, incidental purchasing,”

thereby further expanding the scope and conversion of community consumption scenarios. Huang Gengzhi, Xu Kongdan, and Xue Desheng [5] conducted a study on the agglomeration and complementary relationship between street vendors and surrounding formal shops. Street vendors are often regarded as illegal economic actors that disrupt fair market competition and are thus subject to complaints from formal merchants. However, the study systematically demonstrates that the relationship between the two is by no means antagonistic; rather, appropriate spatial arrangements can facilitate mutual complementarity. Empirical evidence reported by *Chongqing Daily* (2026) further illustrates this point: in Nanchuan, “time-shared vending zones” allow farmers to sell produce in designated areas during fixed periods. By February 2026, 31 such zones had been established in the urban area, providing 2,100 free vending spaces. This flexible spatiotemporal arrangement effectively resolves the longstanding tension between urban management and livelihood needs. From the perspective of spatial layout, it can thus be reasonably concluded that formal community commerce generally follows market principles and is located in areas with high population density and strong consumption capacity, while street vendors, through their high flexibility, fill the “location blind spots” of formal commerce. Similarly, from the perspective of temporal supply, the relatively fixed operating hours of formal commerce are complemented by the “time-shared” operations of street vendors, which fill temporal gaps.

The spatiotemporal complementarity mechanism essentially represents a natural and well-aligned integration of the “stability” embodied by formal commerce and the “flexibility” represented by street vendors. Chen Xuan, Ding Zhuhui, and Qi Dan et al. [6] conducted a systematic and insightful longitudinal study of the night market in Yangfan Resettlement Community in Changsha over a twenty-year period. Their findings clearly demonstrate that the regenerative development of community-based night markets contributes to activating production resources and increasing public revenue. Such growth is grounded in the dynamic openness of grassroots governance communities, which are capable of proactively and prudently balancing multiple objectives even under the pressure of comprehensive urban environmental regulation. Therefore, it can be reasonably concluded that, in the context of spatial value transformation and upgrading, a new pathway for the stable regeneration of community commerce—rooted in social relations—is gradually taking shape.

#### **4. Urban Governance and the Governance Model of Commercial Ecosystems**

When the relationship between urban street vendors and formal community commerce in a given area shifts from competition to coordinated coexistence, it signifies a transformation from a zero-sum game to a complementary and symbiotic commercial ecosystem. Such an ecosystem not only alleviates tensions in urban management but also fosters vibrant, “lived-in” consumption scenes that continuously attract residents and tourists, thereby enhancing the overall appeal of the area.

The phenomenon in 2025 in which the “Fried Chicken Vendor” (popularly known as *Jipai Ge*) attracted a surge of tourists to Jingdezhen serves as an example of the mutual reinforcement between urban governance models and commercial ecosystem transformation. Rather than adopting a one-size-fits-all prohibition policy, the local government implemented flexible measures, including the scientific designation of vending zones, prudent issuance of business permits, and strengthened food safety supervision, thereby incorporating street vendors into a standardized regulatory framework. In this process, the vendor himself gradually transformed from a participant in the informal economy into a more formalized business entity characterized by brand awareness, quality orientation, and a stable customer base. This transformation not only improved the sustainability of his business but also enabled him to engage in interaction and cooperation with surrounding formal commercial entities, jointly integrating into the broader urban commercial network.

This shift reflects a profound evolution in China’s urban governance philosophy—from traditional “rigid control” toward a model emphasizing “flexible inclusiveness and a balance between regulation and accommodation.” In the context of rapid urbanization, street vendors are not only important carriers of livelihood employment but also integral components of urban cultural diversity and community vitality. Through institutional innovation and management optimization, incorporating them into a regulated development framework can both safeguard urban order and public safety and stimulate the creativity of microeconomic actors, thereby achieving a win-win outcome for social governance and economic performance.

The story of *Jipai Ge* can thus be viewed as a vivid microcosm of China's urban transformation in the 21st century. It illustrates how, under a people-centered and refined governance approach, cities can cultivate a healthy commercial ecosystem through inclusive policies, enabling traditional and informal business forms to be revitalized within a regulated framework, and ultimately advancing toward a more resilient and humane path of sustainable urban development.

## 5. Conclusions and Implications

Street vendors and formal community commerce do not constitute a simple competitive or substitutive relationship; rather, they form a comprehensive system of functional complementarity across multiple dimensions, including time, space, product categories, and pricing. The realization of this complementary mechanism hinges on recognizing the legitimacy and value of street vendors as part of the informal economy, and on promoting a shift in urban governance from "exclusionary control" to "inclusive governance." This includes adopting flexible management instruments such as designated vending zones and "time-shared" vending areas, thereby providing informal economic actors with legitimate and orderly spaces for operation. In this way, a governance model integrating urban management and commercial ecosystems can be constructed, contributing to the advancement of China's urbanization and modernization.

Looking ahead, urban governance should proactively and systematically explore mechanisms that integrate institutionalization, refinement, and flexibility. At the planning level, street vendors should be formally incorporated into the overall layout of community commercial systems, with their indispensable role in urbanization clearly recognized. At the regulatory level, flexible time-based licensing systems for informal economic activities should be designed, alongside strict supervision of safety and hygiene standards to enhance the overall quality of the informal economy. At the community level, efforts should be made to promote interaction between formal businesses and street vendors, facilitate reasonable sharing of customer flows, and encourage differentiated development between the two. Through such multidimensional complementarity, a symbiotic pattern of community commerce can be established, characterized by functional coordination and orderly operation. This approach not only preserves the institutional order of urban governance but also safeguards livelihood needs and stimulates the vitality of the community commercial ecosystem, ultimately fostering a community-oriented commercial environment that is convenient, green, and socially inclusive.

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### **Conflicts of Interest**

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