

The Research on the Developing Strategies of China's Street-stall Economy in the View of Customer Experience

Lichao Tian^{1,*}

¹ School of Economics and Business, Taishan University, Taian 271000, P.R. China

*Corresponding author e-mail: tlc_amy@126.com

ABSTRACT. After years of control, street stalls are allowed to operated in nominated areas in China under the pressure of economy downturn. Street-stall economy is even taken as the capillary of national economy due to its vitality and ability to absorb employment. This paper make an analysis on the current status of China's street-stall economy and put forward several strategies on sustainable development of street-stall economy in the view of customer experience, including product's quality and diversification, environment enhancement, service upgrading and diversified promotion.

KEYWORDS: Customer Experience, Street-Stall Economy, Small Store Economy

1. Introduction

Street-stall economy or small-store economy is one of China's hot economies issues in 2020. It was raised by China's Prime Minister Li Keqiang in executive meeting of the State Council in Dec. 30, 2019. In his report, he emphasized that "We should take more targeted policies and measures to develop the 'small shop economy', or 'street-stall economy' to create more employment opportunities, and promote the formation of a number of prospective pedestrian streets." (Lijuan Yang, Yongpeng Sun, 2020) In addition, with the impact of COVID-19 epidemic, the daily lives of most Chinese people are severely limited. Under the stimulation of polices and the downward pressure of economy, various kinds of street-stall economy are becoming more and more prosperous in many cities. However, the development is unbalanced: some of them have crowed visitors, while others do not. Hence, how to raise the competition of street-stall and realize sustainable development street-stall economy become practical problems to be solved.

This paper makes a research on the developing strategies of China's street-stall economy in the view of customer experience. First of all, this paper made a literature review on the connotation, antecedence and result of customer experience. After that, this paper made an analysis on the current status of China's street-stall economy and

found out the problems. Then, based on the theory of customer experience, the author raised several developing strategies to realize the sustainable development of street-stall economy.

2. Literature Review of Customer Experience

Customer experience refers to the short- and long-term interactions and relationship between a company and its customers. It is personalized and interactive. With the advent of the era of experience economy, creating better experience for customers has become an important means for businesses to attract customers, reflect differentiation and improve competitive advantages. Basically, customer experience can be obtained from the interaction between customers and products (Swinyard W R, Rinne H J. T, 1994). In the service oriented definition, the sources of customers experience are expanded to the whole process of learning, obtaining, using a product (Puccinelli N M, et al., 2009). In the context oriented definition, customers' previous experience, experience of reference group, or even imagination are also an important sources (Verhoef P C, et al., 2009).

Customer experience is a concept which has several dimensions, which include cognition dimension, emotion dimension, behavior dimension and society dimension (Dong Kong, et. al., 2016) (Table 1). In cognition dimension, customer experience include visible materials, including what he has tasted, touched or smelled, and invisible part, such as price and service attitude (Muhannad N S, et. al., 2014). In the emotion dimension, the emotional reaction of a customer is important, such as the feeling of immersion (Holbrook M B, Hirschman E C., 1982). In the behavior dimension, customers are encouraged to make interaction, who is also taken as the participants and inventors of experience (Muhammad N S, et. al., 2014). In the society dimension, customer experience is an explicit social process due to the communication among customers (Gentile C, et. al., 2007). In summary, the customer experience is an integrated process, and all of the above dimensions are interconnected. As a result, the research on customer experience should be comprehensive.

Table 1 the four dimensions of customer experience and the major contents

Dimensions	Major Contents
cognition dimension	Cognition on visible material Cognition on service and other invisible factors
emotion dimension	The feeling of immersion, etc.
behavior dimension	Interactive between business and customers
society dimension	Social process by communication among customers

The previous research also paid attention to the antecedents of customer experience. GREWAL D. divided the antecedents into two categories: controllable (price, service level, experience environment, etc.) and uncontrollable factors (social, cultural, macroeconomic environment, etc.)(Grewal D., 2009). He mentioned that enterprise can improve the customer experience through the adjustment to controllable factors and coordination to uncontrollable factors. Gremler D D & Gwinner K P emphasized that the interaction between customers and business is very important. In e-business era, the online comments and reputation are critical.

The management mechanism of customer experience has a profound impact on creating, improving, and keeping good customer experience. It is critical to take good advantage of the service contact point, such as product, technology, salesmen, and promotion. Combined those contact points with customers' consumption process, the management strategies include experience design, service environment design, and customer path map, etc. Additionally, due to the diversity of customer demand, the management of customer experience should also be diversified depending on different target market.

3. The current situation of China's Street-stall Economy

3.1 The Outline of China's Street-Stall Economy

Street-stall or small shop has always been an important part of economy in ancient China. In Tang dynasty, night market has become very popular. In Song dynasty, street stalls were quite prosperous, which has been taken as the symbol of prosperity of commodity economy at that time. After opening and reform in 1979, the self-employed economy ushered in great development. Street stall or small shop ran by family members became the start of many people's business. After 1990s, with the increasingly crowded urban space and the demand of urban management, street stall was strictly restricted and the number of street stalls in many cities was rapidly reduced.

With the development of Wanghong economy (Internet celebrity economy), many featured small shop and tasted street stall food became the focus of consumers. Some night markets, such as the Grand Tang Dynasty Ever-bright City in Xi'an, Shaanxi, provide opportunities and market for street stalls. In Dec. 30, 2019, China's Prime Minister Li Keqiang put forward the supportive policies to street-stall economy and small shop economy in the executive meeting of the State Council. After that, the local government put up the corresponding polices immediately, to assist the development of street-stall economy and small shop economy. In other words, China's street-stall economy and small shop economy is facing a good developing time internally and externally.

Base on the big data gathered by baidu.com, "tips for running a street stall" ranked high in the "most searches" list in 2020. The popularity of related contents rose 655% year on year, reaching the highest value in 10 years. According to the big

data on Alibaba.com, in the past six months the sales on street stall was highly increased (Table 2).

Table 2 the increase rate of the sales of street stall tools

Major street stall tools	Increase rate in total sales on Alibaba.com
Flipped table\portable table	540%
Luminous Signboard	300%
Dinning cart for fried food	160%
Dinning cart for spicy hot pot	More than 100%
Cloth for street stall	More than 100%

The top ten cities in street-stall economy development are Chengdu, Shenzhen, Guangzhou, Beijing, Hangzhou, Wuhan, Chongqing, Changsha, Xi'an, and Zhengzhou. Most of them are first and second tier cities located in South China, which has tradition in night market and distinctive characteristic. From the perspective of consumption, the major commodities are personal items, food, and household goods, which targeting different market groups (Figure 1). Young people are usually attracted by personal items and food, while the older people prefer household goods.

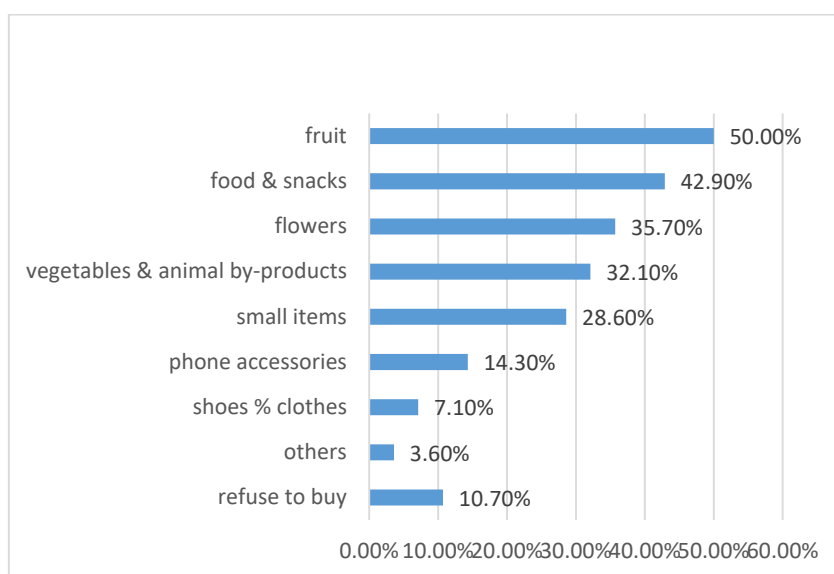


Figure. 1 The Consumption Categories in China's Street Stalls

There are many advantages of street-stall economy under the background of Chinese economy and social development. On one hand, there is little entry barriers with low investment. The participants can come in or out this industry in a rapid speed. On the other hand, the income of many street stall is quite considerable. In addition, due to the large potential market, street-stall can absorb large number of labor forces. Moreover, due to the local features of many street-stall, it can bring culture competitiveness to the cities.

3.2 The Existing Problems in China's Street-Stall Economy in Terms of Customer Experience

First of all, the product homogeneity is serious. Due to the decentralization and high degree of autonomy of the street-stall economy, the stall owners prefer to selling prevailing products at the same time. For example, in a road less than 200 meters, there are probably more than 5 stalls selling deep-fried fermented tofu. When coming to different cities, the consumers may find quit similar products compared with the street stalls in his hometown. The phenomenon of product heterogeneity is quite explicit in current China's street-stall economy, which greatly reduced the consumers' purchasing desire.

Secondly, the hygienic environment of the business place is poor. Because most of the street stalls are temporary stalls, and some of them are only ran during 6p.m to 11p.m. The hygienic environment management is difficult to carried on. When touring in many street-stall markets, consumers may find it dirty compared with indoor markets. Consumers are easily getting worn-out due to the mess and noise. Some people even have the painful experience of food poisoning. As a result, the poor hygienic environment reduced the sense of pleasure.

Thirdly, the pricing is disordered. With the high development of online shopping, the price of products are more and more transparent. However, in street stall, the pricing of most products are much higher than the same ones online. The price in different stalls may be quite different due to the spacial distance. The disordered pricing will let consumers feel fraud.

Last but not the least, after-sale service is insufficient. Due to the decentralization and high degree of autonomy of the street stall-economy, when something goes wrong with products, the after-sale service is barely to achieve. This may lead to unwillingness of consumers to purchase again in street stalls.

4. The Developing Strategies of China's Street-Stall Economy in the View of Customer Experience

4.1 The Developing Strategies from the Perspective of Products

The products received by customers is the core factor that affect the level of customer experience. To realize the sustainable development of China's street-stall

economy, in terms of products, measures should be taken to improve customer experience in the following aspects. First, the government should strengthen the supervision on the quality of products, especially the food, to increase the reputation. Secondly, promote the diversity of products to provide more choices for customers. Actively guide the stall owners to provide products and services with explicit local characteristics to provide differential experience for customers. Thirdly, the pricing of products should be coordinated and catering to the expectation of consumers.

4.2 The Developing Strategies from the Perspective of Environment Enhancement

The environment should be enhanced in several aspects, including hygiene, noise, light, smell and air. The hygienic environment should be improved, since it could provide the sense of safety and reliance to customers, which could, in return, induce repeat purchase. In addition, the level of noise should be controlled in a reasonable range. For example, the background music and sound of hawing should be reduced to 60dB in day and 50dB in night, according to the urban area noise standard of the People's Republic of China. Due to the sharp smell and smoke of some food, such as stinky tofu and barbecue, simple air filter should be applied. In addition, the light used in street stall or night market should be coordinated and less irritating. All of the above measures are to provide customers a moderately excited and reliable environment.

4.3 The Developing Strategies from the Perspective of Service

Satisfied service should be provided before-, in- and after-sale. Although the price of products in street stalls are not expensive, the level of service affected customers experience in a large extent. Disputes raised by insufficient service are probably taken as cheating, or fraud. Before sale, the introduction of products should be clear and in time; during purchasing, patience is necessary; after sale, reasonable refund or change should be acceptable.

4.4 The Developing Strategies from the Perspective of Promotion

In the era of internet, all kinds of promotion could be used to get better customer experience. On line, the owners could use We Media platform and v-log to make promotion. This kind of promotion well accepted by people with low expensive. In some v-log, the stall owners use local dialect and simple language, which makes customers easy to get resonance. Online and offline combined promotion is also quite attractive to customers, which could bring them sense of reality and reliance.

5. Summary

Compared with on-line shopping, and large scale retailing, street stalls provides consumers the sense of pleasure in both shopping and touring. Hence, the level

customer experience is vital to the sustainable development of street-stall economy. To get better customer experience, the quality and diversification of products should be enhanced. Besides, environment improvement is necessary including hygiene, noise, light, smell, etc. In addition, the level of service and flexible ways of promotion also could bring good customer experience to ensure the sustainable developing of street-stall economy.

Acknowledgments

This paper was fully supported by the Social Science project of Taian City, China (20-YB-061).

References

- [1] Lijuan Yang, Yongpeng Sun. (2020). Evolution path, prosperity cause and future prospect of Xiaodian economy. *Economic Forum*. Vol. 8, p134-142.
- [2] Swinyard W R, Rinne H J. T. (1994). The six shopping worlds of baby boomers. *Business horizons*. Vol.9, p64-69.
- [3] Puccinelli N M, et al. (2009). Customer experience management in retailing: understanding the buying process. *Journal of retailing*, Vol. 1, p15-30.
- [4] Verhoef P C, Neslin S A, Vroomen B. (2007) . Multi-channel customer management: understanding the researchshopper phenomenon. *International journal of research in marketing*, Vol. 24, 129-148.
- [5] Dong Kong, Yunmei Zuo, Kai Sun. (2016). The Review of Foreign Customer Experience Literates-A Comprehensive Framework. *China Business And Market*, Vol.30, 115-123.
- [6] Muhannad N S, Musa R, Ali N S. (2014). Unleashing the effect of store atmospherics on hedonic experience and store loyalty. *Procedia social and behavioral sciences*, Vol.130, p469-478.
- [7] Holbrook M B, Hirschman E C. (1982) The experiential aspects of consumption: consumer fantasies, feelings, and fun. *Journal of consumer research*, Vol. 9, p132-140.
- [8] Gentile C, Spiller N, Noci G. (2007). How to sustain the customer experience. *European management journal*, Vol. 25, p395-410.
- [9] Grewal D. (2009). Customer experience management in retailing: an organizing framework. *Journal of retailing*, Vol. 85, p1-14.