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Study on strategies adopted by street vendors to attract and retain customer loyalty

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Abstract

Street vendors are an important part of the urban economy. Every day, they provide affordable goods and services to millions of people and offer convenient access to shopping near homes, workplaces, and public transportation hubs. Despite this, street vendors often face legal, social, and economic challenges. In such a competitive and uncertain environment, attracting and retaining loyal customers becomes a crucial strategy for these micro-entrepreneurs to sustain their livelihoods. This paper examines the strategies used by street vendors to attract customers and maintain their loyalty over time. The article relies on secondary data drawn from published research, reports, and conceptual literature related to street vending, customer relationship management (CRM), and promotional strategies within the informal retail sector. The literature review covers studies from various Indian cities and global contexts that explore street vendors' marketing strategies, customer satisfaction, and loyalty development. The discussion highlights common loyalty-building practices, including strategic location selection, competitive pricing, word-of-mouth promotion, personal rapport, flexible services, small credit facilities, and basic service quality elements such as politeness and effective complaint handling. The paper concludes that, despite limited resources, street vendors adopt innovative and relationship-oriented strategies to build customer loyalty, which can be further strengthened through appropriate policy support and targeted training programs.

Keywords: Street vendors, customer loyalty, promotional strategies

Introduction

Street vending is an important part of daily life in urban areas. Vendors sell fruits, vegetables, snacks, clothing, accessories, household goods, and many other items on footpaths, near bus stops, railway stations, markets, and in residential neighbourhoods. They often operate from early morning until late at night. Street vendors provide low- and middle-income groups with affordable goods, small purchase quantities, and convenient access, often closer than formal shops or malls. For many vendors, street vending is not only a business activity but also a primary means of self-employment and livelihood.

Research indicates that urban areas in India have a large number of street vendors, many of whom work under challenging conditions such as fear of eviction, harassment, lack of licenses, and unstable income. Despite these constraints, vendors continue to operate and develop innovative ways to attract and retain customers. They do not have formal marketing budgets or structured loyalty programs like large retail stores. Instead, they rely on simple, people-focused practices such as friendly behaviour, willingness to negotiate, and understanding customer preferences, offering small discounts, and consistently maintaining good product quality.

In recent years, competition has increased due to the growth of organized retail, e-commerce platforms, and changes in urban regulations. As a result, retaining customers has become even more important for street vendors. Loyal customers tend to make repeat purchases, recommend vendors to friends and family, and help promote the business through word-of-mouth. Understanding how street vendors build and sustain customer loyalty can support policymakers, non-governmental organizations, and urban planners in designing effective support programs and can also contribute to marketing knowledge from the perspective of the informal sector. This paper therefore undertakes a conceptual and literature-based examination of the strategies adopted by street vendors to attract and retain customer loyalty.

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Review of Literature

- Kaur & Bhardwaj (2025) ^[1] examined how informal street vendors in Delhi utilize the marketing mix (4Ps) to attract and retain clients. Through freshness and seasonal diversity, sellers make their items seem appealing. They also set up their carts to display quality, which builds trust with repeat consumers. Prices are negotiated and altered dependent on time of day, customer, and stock clearance speed, unlike in big stores. This flexible pricing helps suppliers retain loyal clients because they feel they're receiving a good bargain. The study also emphasizes the importance of being in a busy place and promoting yourself with loud calls, body language, and polite interaction. Personal encounters develop rapport that keeps customers coming back. The study demonstrates that street vendors utilize basic but successful relationship-based methods to retain consumers.
- Rajabu (2015) ^[2] examined how street vendors in Dar es Salaam, Tanzania, employ marketing communication tactics to attract and retain clients. The study indicated that merchants rely heavily on word of mouth, when satisfied customers recommend good products and affordable costs. This informal endorsement increases trust and repeat purchases. Personal selling involves vendors approaching customers, discussing product benefits, addressing questions, and occasionally demonstrating use. One-on-one conversations make customers feel special and encourage repeat business. Other frequent techniques include exhibiting items plainly at the point of sale (in traffic, at bus stops, or in congested settings), discounts, and "free product" bargains like buy-one-get-one-free. Locating near schools, churches, and bus stations with high foot traffic is another key tactic. Rajabu says these techniques aren't planned like at major organizations, but they help informal market vendors create customer trust, raise sales, and keep customers coming back.
- In Coimbatore, Priya and Meenachi (2022) ^[3] studied client satisfaction with street vendors' features. A survey of 100 customers showed they value convenience, product quality, location, and payment alternatives in a vendor. They found that shoppers choose street sellers for conversation products, fruits, and veggies because they are affordable and convenient. The study found that customers are happiest when sellers offer fair prices, decent quality, courteous service, and simple services like online payment. Convenience was the most significant service factor, followed by product variety and quick payment, according to ranking research. The authors conclude that street vendor products make customers loyal by meeting and understanding their wants. Convenience, quality, and helpfulness can keep customers coming back to street vendors.
- Vero (2024) ^[4] studied street food sellers in Dimapur City, focusing on their livelihoods, hygienic standards, and business possibilities. The survey found that long-term sellers earn more per day. The author attributes this to building a devoted customer base and reputation. The publication says people like the meal because it's cheap, easy to prepare, has unusual flavors, and uses local recipes. They return when they trust the vendor's food and hygiene. The study suggests that vendors

might establish loyalty by being clean, utilizing fresh goods, having a range of menus, and emphasising authenticity. It also advocates leveraging social media and events to attract new clients and keep in touch with existing ones. Vendors make a living and establish customer loyalty by keeping things clean, making nice food, and being friendly.

- A mini-thesis by Butalid (2024) ^[5] explored the impact of ethical street food vendors on consumer satisfaction in a Philippine university campus. They surveyed merchants and customers to determine how ethical practices affect them. According to the study, customers feel safer and happier when sellers respect them, maintain their booths clean, follow hygiene laws, manage complaints efficiently, and charge reasonable pricing. The results suggest that being honest about product quality, treating all customers equally, and caring about their well-being attracts and retains customers. Customers claimed politeness, rapid problem resolution, and cleanliness made them return to the same provider. The authors argue that being honest is the proper thing to do and a sensible strategy to develop trust, contentment, and long-term street food customer relationships.

Statement of the problem

Despite the essential part street vendors play in the urban informal economy, little is known about the specific strategies they apply to attract customers and the degree to which customer relationship practices support the development of strong vendor-customer relationships. As a result, it is necessary to conduct systematic research on these topics.

Objectives of the study

- To identify the key strategies used by street vendors to attract customers.
- To understand the role of customer relationship practices in building long-term vendor-customer bonds.
- To understand the review of literature in the related areas.

Research Methodology

This article relies exclusively on secondary data and follows a descriptive and conceptual research framework, without the inclusion of a primary field survey. It uses peer-reviewed studies on marketing strategies, customer relationship management practices, customer satisfaction, and street vendors' marketing approaches in India and other countries, along with reports on the socio-economic conditions of street vendors across various urban contexts. These sources highlight how vendors market their products, build relationships with customers, improve service quality, and encourage customer loyalty. The review provides a conceptual framework for understanding the strategies employed by street vendors to attract and retain customers. Since the study is based solely on secondary data, its findings are not statistically generalizable; however, it aims to provide conceptual clarity and establish a strong foundation for future empirical research.

Findings and Discussion

Street vendors attract and retain customers by selecting strategic locations, offering flexible pricing, and building

strong informal relationships. They often set up their stalls near busy places such as train stations, offices, colleges, and residential areas, which makes access convenient for customers. Their prices are competitive and adjustable, appealing to price-sensitive buyers and encouraging repeat purchases. Word-of-mouth plays a major role in promotion, as satisfied customers naturally recommend vendors to friends and family. Vendors also use simple but effective techniques such as calling out offers, displaying new stock, and arranging products attractively to catch people's attention. Many vendors practice customer relationship management informally, even if they are not familiar with the term. They remember customers' names and preferences, offer small discounts to regular buyers, keep items aside, and handle complaints politely. These personal efforts help build trust, while honest dealings, consistent service quality, and reliable behaviour further strengthen customer confidence.

Street vendors also encourage repeat visits by maintaining a good variety of fresh and high-quality products, whether fruits, vegetables, clothing, or food items. Customers often return to the same vendor because they trust that the products will always be of good quality. Emotional bonds further deepen loyalty, as regular conversations, friendly behaviour, and personalised attention make customers feel valued. Research shows that such social connections can be as important as price or convenience. Vendors also display adaptability by adjusting their locations, changing operating hours, and staying in touch with customers who may follow them or contact them directly. Overall, customer loyalty in street vending emerges from a combination of economic value, trust, service quality, and emotional connection. While affordable prices may initially attract customers, long-term loyalty is mainly built through personal relationships and dependable service.

Conclusion

Street vendors are a significant part of the urban retail environment and the daily lives of ordinary consumers. In a context where resources are limited, legal frameworks are often unclear, and competition is intense, customer loyalty becomes essential for business survival and growth. This conceptual study, based on secondary data, indicates that street vendors adopt a variety of strategies to attract and retain customers. These strategies include selecting appropriate locations, offering competitive and flexible pricing, relying on word-of-mouth promotion, practicing relationship-based customer relationship management, providing simple yet effective service, and building emotional connections with customers. Vendors also demonstrate adaptability by modifying their business practices in response to changing urban regulations while maintaining contact with their regular customers.

The analysis further reveals that many of the strategies used by street vendors, though informal in nature, closely align with modern marketing and customer relationship management concepts. However, these strategies are applied in simple, low-cost, and highly personalized ways. This suggests that policymakers and support organizations should design street vendor training programs that strengthen vendors' existing abilities such as communication skills, basic hygiene practices, product quality maintenance, and simple record-keeping rather than encouraging the adoption of complex systems that may not be practical or suitable for

their working conditions.

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