

The resilient informal mobile street markets

Hernandez-Rodriguez, Clemente

Department of Economics, Centro Universitario de Ciencias Económico Administrativas,
Universidad de Guadalajara, Mexico

Keywords

Informal subsistence markets, Purchase decision making, Vendors, Mobile street markets (Tianguis).

Abstract

In this paper I identify what features allow informal street markets to be a resilient business model. Mobile street markets face competition from local formal retailers and large retailing multinationals; however, they prevail as a favored retailer for subsistence consumers. The observations of two mobile street markets in the metropolitan area of Guadalajara, Mexico, leads to the identification of their success to their dynamism: mobility and adaptability. This research expands knowledge in the area by employing empirical mixed research methods to know and understand better vendors and consumers in mobile street markets, providing new insights on subsistence marketing.

1. Introduction

Business research has increasingly focused on emerging and underdeveloped markets as areas from which new insights can be drawn (Ni & Wan, 2008). Subsistence marketplaces, sometimes known as the bottom-of-the-pyramid (BOP), are resource-poor communities mostly concentrated in developing countries. Subsistence markets have been regarded as homogenous. Now, however, the likely existence of different characteristics is becoming acknowledged [Karnani (2006), Chikweche & Fletcher (2010)].

Subsistence market must be approached with a different mindset than one might bring to other markets because the BOP market is so unique [Pralhad & Hart (2002), Weidner, Rosa & Viswanathan (2010)]. Subsistence markets require increased research on its dynamics and the behavior of its consumers [Weidner, Rosa & Viswanathan (2010), Crabtree (2007), Landrum (2007)].

Being poor does not eliminate commerce and market processes: virtually all poor households trade cash or labor to meet a significant part of their basic needs. Now it is more and more accepted that subsistence marketing offers opportunities to create value for both the poor and for companies that engage this market. While traditionally viewed as difficult to do business in, some firms, entrepreneurs, and nonprofit organizations are choosing to address the needs as well as leverage the opportunities within these communities. In so doing, they are advancing the frontier of marketing (Nakata & Viswanathan, 2012).

In this research I study the competitive advantage of informal street markets in comparison with formal established retailers. I focus on the case of informal street markets or tianguis in an emerging country, Mexico, and compare their competitive advantage to that of large formal retailers. Analyzing mobile street markets is particularly important because of the limited literature analyzing informal markets (Molinos, Saez, Saldivia & Sorolla, 2008). To do this, I list the features that both consumers and vendors identify in those markets.

The conclusion is that vendors at informal street markets or *Tianguistas* have developed an understanding of the intricate systems in which they participate, and they strive for continuous adjustment and renewal. The business model of mobile street markets prevails thanks to its dynamism and proximity to the base of the pyramid, to people who have a limited purchasing power and transportation options.

By employing empirical mixed research methods to know consumers and retailers in mobile street markets, this research provides new insights on subsistence marketing. Marketing to low-income individuals often requires a different business model than one typically found in advanced

markets, one incorporating the adaptation of the marketing mix that emphasizes function and identity (Viswanathan, Sridharan & Ritchie, 2010). In other words, BOP consumer needs a business model that offers specific utilities relevant to those of limited means, where products and services are also perceived as a means to a larger world of cherished values, and not just tied to physical or material wellbeing.

The paper is structured as follows: the overview of retailing in an emerging economy, its types and models. An outline of the research design used to collect data in the research context of Mexico is followed by a discussion of the findings, implications, limitations and future research.

2. Informal and formal retailing



Fig. 1. Retailing in an emerging market.

Fig. 1 shows that opposite to established markets, three basic informal retail models remain common to all emerging countries: Settled street vendors, random street vendors and mobile street markets. Settled street vendors are retailers that set up shop in the same location every day. Random street vendors are mounted on carts that serve as easily moved stalls. They do not have a permanent location. Mobile street markets operate in multiple locations that vary by the day of the week.

2.1. Informal retailing in Latin American emerging economies

Informal retailing, characterized by market and street trading activities, thrives in many Latin American cities [Bromley (1998), Alexander & de Lira e Silva (2002), Sinclair & Pertierra (2012)].

The poor face undeveloped distribution outlets and must pay monopoly prices for the goods they desire. In addition, they are unable to afford the standard quantities and qualities of products offered to richer consumers. People at the BOP are having significant unmet needs, and are being dependent on informal or subsistence livelihoods. They are vulnerable, poorly integrated to the formal economy, and impacted by a BOP penalty under which they pay higher prices for basic goods and services than wealthier consumers.

About a half of the population in Mexico lives below the poverty line, and 10% lives in extreme poverty (CONEVAL, 2016). They depend largely on informal street markets to supply their necessities (cheap food and clothing), thus informal markets take a greater share of grocery expenditure. In Mexico three-quarters of the retailing sector remains un-organized and constitutes a workforce that have taken to self-employment for daily subsistence due to an overcrowded

agriculture sector and lack of employment opportunities for lesser skilled workers in the manufacturing or services sectors(INEGI, 2016).

In emerging Latin American economies mobile street markets are seen everywhere. Those markets date to pre-Columbian times and continue, in many cases, essentially unchanged into the present day.

2.2. Informal Mobile Markets in Mexico: Tianguis

The word tianguis comes from a Nahuatl word (*tianquiztli* =day market or harvest market), that has survived into modern-day Spanish, meaning marketplace or open market. Tianguis differ from those street markets common in developed western countries called flea markets. While the flea markets or open markets in Europe or North America have a settled location, tianguis is a street market that is itinerant during the week. Some of the key characteristics of the Mexican tianguis are listed in the following paragraphs.

First, currently tianguis are set up in streets and main squares (plazas), that is the traditional Mexican open market style. In this aspect, nothing has changed since the pre-Hispanic era. Tianguis is a mobile market that settles once a week in the street(s) in the suburbs or towns so people can go shopping near to where they live or work.

Second, in these markets almost everything can be found. Tianguis serve to remove the regional surpluses for redistribution in the domestic market; with the redistribution of what to sell, how to sell it, and who produces it, they avoid having a lot of the same product. In rural areas, many traditional types of merchandise are still sold, such as agriculture produce, tools, clothing, blankets, house wares, and handicrafts, as well as modern, mass-produced goods. In the cities, these traditional items still abound, but there is a trend toward more mass-produced goods, including pirated CDs and DVDs as well as fake copies of name-brand merchandise.

Third, mobile stands (stalls) of 1.20 square meters are used, which are mostly attended by the elderly, single mothers and young people. Tianguis help incorporate the peasantry to the market through distribution of industrial and agricultural products. Vendors pay a small fee to the city for the use of an assigned space on the sidewalk or street. Tianguis are organized, street-wide scheduled events and should not be confused with random individual street vendors.

Finally, tianguis are related to urban and health issues. Tianguis affect local traffic in the street(s) they set up; and they accumulate trash as result of consumption.

2.3. Tianguis and Competition from Formal Retailing

Street markets have been perpetuated under changing conditions and disruptions. First, the transformation of traditional street markets in settled town markets. Second, the sprawl of domestic supermarkets and hypermarkets, and then the liberal policies resulting in the arrival of large multinational competitors in retailing.

In the mid-20th century, local governments in Latin American economies promoted town markets in order to better regulate the selling of goods traditionally available in street markets. An early municipal response involved some attempts at redistribution of informal commerce, justified by essentially functional issues such as hygiene and congestion. Daily street markets were largely replaced by established town markets. Some town markets were private ventures, but most were built and owned by the cities. Thus, some traditional town Markets are basically historical street markets made permanent by moving into a building where the merchants continue to pay rent for their assigned space.

In some small cities, traditional established markets are still functional landmarks. There is a lack of municipal intervention in the reorganization of the cities' markets and their immediate surroundings, so there is no defense of the neighborhood structure.

As cities push to raise the rent paid by each stall owner in the town market, owners push back that they cannot pay more because their customers cannot pay higher prices. This stalemate comes as part of the changing business model of the traditional town markets resulting from the

proliferation of modern supermarkets. Most cities expect rent money to fund maintenance such as roof repairs, electrical and plumbing repairs and upgrades as well as paying for electrical, water and sewer service. Often there is no money left for maintenance after the utilities are paid.

Customers who can afford the higher prices of the supermarkets have abandoned the traditional town markets, leaving behind those of more limited means (BOP). One reason for this is that many of these traditional town markets are not well-maintained and only few new ones have been built since the 1970s. This new business model coupled with aging facilities and poorly maintained infrastructure means a clouded future for many traditional town markets.

Thus efforts to replace tianguis have failed. Tianguis have been around for over one thousand years and show no signs of passing. Meanwhile, many traditional town markets are unlikely to last a century due to the fierce competition in the retailing sector. Liberal market policies, new modes of transportation, delivery and selling, along with suburban growth and the relative commercial sprawl undermined the development and conservation of the system of public traditional markets (Spiekermann, Rothensee & Klafft, 2001).

Latin America's retail landscape has changed over the past decades. Traditional retailers modernized their business model while keeping their offer for the emerging consumers (D'Andrea, 2010). Local supermarket chains are showing the way to the growing mass customers, to the Latin America's new emerging middle class, by providing better access through convenience and credit to a broader range that includes affordable design and quality. They are redefining concepts like convenience and crossing borders to grab the opportunity of the new emerging consumers.

The limited network of neighborhood markets was an argument for restructuring the retail sector, allowing the entrance of multinational retailing corporations like Walmart. There is not a clear policy for limiting oligopolies, thus large commercial areas are considered as a threat to the equilibrium that allows the coexistence of traditional markets and a high population density, which helps support public spending for the construction of public infrastructure, missing the derived benefits of local retailers.

During the 1990s, multinational consumer-goods companies and local supermarket chains invested aggressively in retail in Latin America. This investment, combined with rising per capita incomes and a general improvement in the quality of consumer goods, helped fuel the expansion of large chain supermarkets through the mid-1990s. However, multinational retailers have been slow to understand consumers in the developing world. As a result, they have been vulnerable to local competitors. Local retailers have offered some valuable lessons to multinationals: In emerging markets, the number of affluent consumers who could champion established retail product is small, and the wealthy tend to favor shopping trips abroad.

Retailing firms build most profitable strategies through service differentiation and competitive advantages, offering customers something new that they value and that other retail outlets do not have (MacMillan & McGrath, 1997). Self-service retail stores differentiate at every point of customer service and customer relationship from the moment that customers express store loyalty. Large self-service retail stores open up their promotional strategies in order to stimulate the shopping behavior of customers and uncover new opportunities for them to gain long-term benefits with the retail stores and stay loyal. Though they are established in the same location, supermarkets and hypermarkets have low cost and thus can compete in price with the other retailers. Moreover, they apply the newest advances in marketing research. For instance, the acceptance and use of credit is one of their advantages versus informal retailers. Retail sales of packaged goods as food, beverages, personal care items, and cleaning products are concentrated in supermarkets.

Through the lens of large formal retailers, Latin America's street retailers appear to be inferior; their small stores seem dirty and cluttered and possess limited stock. It is assumed their proprietors rely on informal, even illegal, operating practices, such as the evasion of taxes and labor laws, to prop up their otherwise unproductive business model. Their customers were seen as cash-strapped, unsophisticated shoppers.

When the market was open for organized foreign retailers to enter, there was a fear that street markets would disappear. However, that did not happen. Retail in Mexico is estimated at nearly US\$215 billion and is growing at a Constant Average Growth Rate (CAGR) of 12 percent (ANTAD, 2015). The number of informal street markets far exceeds the number of traditional markets throughout the country. In Mexico City alone, there are a little bit more than 300 established markets versus more than 1,500 tianguis. Nation-wide, tianguis out-number established formal markets by about two to one. To better understand this phenomenon and identify the reasons why informal street markets have been able to continue operating in the face of increasing competition from organized retailers, I conduct case studies.

3. Research Design

This research employs empirical mixed research methods to study consumers and retailers in mobile street markets, providing new insights on marketing to the subsistence consumers, people with constrained purchasing power and limited transportation options.

In this paper I consider the case of study of two tianguis in the metropolitan area of Guadalajara, Mexico: Bethel tianguis and El Collitianguis. Both of them are located where consumers all across the pyramid of income live. So consumers of the BOP and the top-of-the pyramid could may converge in the same place.

The methodology followed in this research is the following. First, observation of the tianguis system (merchandise and stalls arrangements) by mystery shoppers in order to find corroborative facts and evidence. Second, interviews to retailers and, finally, surveys to buyers.

In these mobile street markets you can find from food to accessories to clothing and more, even imported products. In order to make easier the analysis and comparisons between tianguis, I established some categories of merchandise for the informal street shops: (1) Food (fruits and vegetables); (2) Make-up and Accessories; (3) Clothes; (4) Prepared food; (5) Home stuff; (6) Other products; (7) Shoes; (8) Leather products; (9) Toys; (10) Meat; (11) Garden products; (12) Music CD's & Movies (piracy); and (13) Pet products. All those categories can be found in these markets. We can find too, as an extra, (14) seasonal items; for instance, Christmas decoration can be found in mobile street markets at the end of the year.

Twenty-eight tianguis vendors were interviewed anonymously at the Bethel and El Collitianguis, in October 2013. I was interested in knowing: what are the competitive advantages of vendors at street markets compared to established retailers, and what are the constraints or limits they face.

One-hundred and six customers of mobile street markets in the two chosen tianguis in Guadalajara answered the complete survey in October 2013. In the surveys to tianguis customers I was interested in knowing: who goes shopping in tianguis, what they buy, with whom they go, when they go, their occupation and even their marital status.

3. Results

3.1. Mapping Tianguis System

I mapped two of the tianguis in the metropolitan area of Guadalajara to understand better the Mobile Street Market system. Fig. 1 and 2 are each a map of arrangement of merchandise and stalls in the street.

The map in Fig. 2 corresponds to El Collitianguis in Guadalajara. It is a long tianguis which occupies 3 streets from beginning to the end. At the beginning it was very crowded, there were a lot of people selling and buying stuff. In this case there was not a specific organization. Some of the vendors at the tianguis explained that depending on the time you arrive is the place you get.

1 st Street			2 nd Street			3 rd Street			Categories		Stalls
									Food (fruits and vegetables)	1	63
R e s i d e n t	1	6	1	4	1	4	4	4	Make up & Accessories	2	38
	2	1	1	4	1	3	4	5	Clothes	3	38
	1	10	14	4	8	8	1	1	Prepared food	4	45
	1	2	14	1	14	1	14	7	Home Stuff	5	22
	2	3	2	1	14	11	14	7	Other Products	6	15
	2	1	4	1	1	12	1	3	Shoes	7	14
	8	5	4	1	1	6	1	8	Leather Stuff	8	19
	1	2	7	4	5	6	6	8	Toys	9	16
	14	6	2	7	13	1	14	14	Meat	10	11
	3	6	1	9	13	1	1	1	Garden Stuff	11	10
	3	4	2	2	13	14	14	10	Cd's & Movies	12	5
	1	4	2	8	14	14	14	10	Pets Stuff	13	8
	1	10	2	3	2	7	7	2	Seasonal items	14	20
	1	2	1	3	4	10	10	4			
	9	5	10	1	4	12	12	6			
	2	5	10	1	9	3	3				
	2	3	4	9	9						
	2	1	4	9	14						
	10	9	1	5	14						
	4	2	9	10	8						
	6	1	5	2	3						
	1	3	3	14	1						
	1	2	3	14							
	8	4	1	2							
	3	5	8	2							
	2	4	11	5							
	11	1	11	5							
	5	13	4	5							
	3	13	1	6							
	1	14	5	9							
5	2	1	3								
1	3	1	4								
2	4	11	4								
2	4	3	7								
5	1	3	8								
14	2	3	8								
2	2	5	9								
2	6	4	1								
1	8	10	3								
7	8	2	14								
3	3	1	4								
8	3	1	4								
4	1	1	3								
4	11	1	9								
2	14	2	11								
7	2	2	5								
1	2	3	14								
5	9	4	7								
1	1	4	1								
6	7	10	1								

Fig. 2. "El Colli" tianguis, Guadalajara, Mexico.

Fig.3 is a map of the Bethel tianguis in Guadalajara. It is a tianguis which occupies a large street and an additional intersecting street. It was very crowded; there were a lot of people selling and buying stuff from beginning to end. Stalls and merchandise in the first street were more organized than in the second street.

Fig. 2 and 3 show that food (fruit and vegetables), closely followed by accessories and clothing are the most consumed merchandises. Prepared food and other consumption goods are complementary items, adding diversity.

1st Street			1st Street (Contd)			2nd Street			Categories		Stalls
R e s i d e n t H o u s e s	11	7	5	2	5	7	12	Food (fruits and vegetables)	1	55	
	11	2	10	2	7	3	13	Make up & Accessories	2	51	
		2	2	2	7	3	2	Clothes	3	49	
	9	2	5	12	2	3	12	Prepared Food	4	19	
	8	6	2	1	9	12	2	Home Stuff	5	25	
	5	9	3	2	7	2	12	Other Products	6	22	
	1	1	3	1	1	1	1	Shoes	7	22	
	12	4	3	2	7	12	1	Leather Stuff	8	17	
	5	10	3	10	5	2	1	Toys	9	19	
	14	1	8	5	7	7	1	Meat	10	9	
	14	11	2	4	2	5	10	Garden Stuff	11	9	
	14	1	13	4	13	3	2	Cd's & Movies	12	12	
	2	8	1	14	10	3	2	Pets Stuff	13	8	
	2	2	1	7	2	3	7	Seasonal items	14	13	
	6	9	3	5	6	9	4				
	6	9	3	7	1	9	4				
	1	1	4	3	7	7	3				
	8	2	4	3	1	14	3				
	5	5	2	12	7	7	3				
	1	1	2	9	1	4	13				
	12	5	1	10	12	4	9				
	3	8	7	3	12	1	2				
	3	2	6	3	5	1	6				
	3	5	1	9	1	5					
		6	13	3							
	5	1	8	3	1	4					
	2	11	1	3	8	3	8				
	2	11	11	6	7	3	2				
	2	13	2	2	1	6	8				
	7		2	1	5	6	1				
	1		1	8	3	3	2				
	5	8	7	10	5	3	10				
	8	4	7	9	1	3	14				
	3	8	14	9	1	5	13				
	3	14	2	9	2	1	8				
	5	3	6	1	14	6	3				
	14	2	11	3	2	6	3				
	14	6	11	3	2	6	5				
	3	2	6	3	2	1	6				
	6	1	1		1	1	1				
2	6	1		1	2	2					
1	1	2		1	2	2					
5	3	4	4	2	2	2					
1	3	4	4	3	3	3					
6	7	14	9	13	8	3					
2	5	14	9	6	8	9					
1	4	5	9	6	10	1					
11	4	14	9	8	1	9					
9	7			1	3	1					
3	12			4	1						
				4	3						

Fig. 3. "Bethel" tianguis, Guadalajara, Mexico

The growing mobile street markets in low-income urban areas offer easy access to inexpensive food, clothing and grocery as well as a natural shopping ambience for residents. Given that local consumers have particular needs, this explains the arrangement of merchandise and stalls. The merchandise and stalls try to satisfy the needs and wants of the local subsistence consumers. The mapping of tianguis corroborate that street market business model is centered on offering a wide assortment of goods. One of the characteristic of mobile street markets is variety, which is evident in the maps of street markets.

Now, after understanding the distribution of products in the informal markets I interviewed sellers and surveyed consumers to know better the characteristics of mobile street markets.

3.2. Retailer Interviews.

One of the purposes of this paper is to examine the nature of the competitive advantages of subsistence retailers in Mexico. The in-depth interviews showed the following results. Vendors report that their earnings are better in a tianguis than their former job wages or previous business. 54% said that they started as vendors in a tianguis due to a loss of job. 46% are just helpers and not the owners of the stall and merchandise. Vendors start setting their stalls up very early, between 6 to 7 am, though the first customers arrive after 8 am. Young persons, single mothers, and the elderly find a source of income working as tianguistas.

Tianguis are close to BOP consumers because they move once a week to streets in the suburbs or towns where people can go buy. Mobility is based on the property of transport vehicles that are used both for business and personal purposes. Subsistence consumers have few options and few opportunities to exercise options (Wood, Pitta & Franzak, 2008). They typically do not or cannot travel to locations that have better distribution infrastructure, lower prices or product or service alternatives (Hammond, Kramer, Katz, Tran & Walker, 2007). They are constrained and thus required to buy locally.

The reasons that interviewed vendors determined as an advantage for tianguis versus the supermarkets are the following. The main reason is proximity to customers, 32.14% of the interviewed vendors responded so; it was followed by low cost (28.57%), variety (14.28%); and in a less important category appears good relationship with customers, supported by 17.86% of the retailers in street markets, and other reasons, was the last with a 7.14%.

BOP individuals are producers and consumers of specific goods (food, clothing, shelter, etc.). Tianguis aim their products at low-income segments from the very start. Vendors in tianguis are sophisticated and creative. They know that BOP consumers are motivated not just by survival but physiological needs. Face-to-face interactions are prevalent among consumers and sellers when evaluating products, making purchases, and operating the shop (Rajagopal, 2010). Therefore, one advantage for Tianguistas is that because of the familiarity with their costumers they know how their clients think, what they crave for, and how they buy.

However, a complex number of issues and potential interest groups are involved with the mobile street markets. Tianguis (streets invaded by street vendors) undermine the ability to control traffic flows, and compromises the regulation of commercial zoning, and administration of urban services (like fire protection and health provision). Tianguis cause (or are accused of causing) problems with urban transit, urban planning, urban infrastructure, complaints from neighbors and commercial business, public health threats, and a myriad of potential problems that make it a focal point for pressures for its removal. Tianguistas are in a constant state of potential or actual conflict over space. They compete over market zones, making them a prime source of complaints against the presence of other tianguis. Furthermore, vendors have the capacity to defend these benefits, either individually (through bribery) or collectively (through organized resistance).

4. Discussion

From the interview to consumers, mainly married persons (having children) and in the middle of the pyramid of income are frequent shoppers in mobile street market. They go with company (friends and family). This highlights the importance of the interplay between proximity and other context variables, such as neighborhood. Many of the interviewed people live within walking distance of pedestrian accessible tianguis. Visiting tianguis is part of the routine for many people, mainly housewives. Tianguis are more visited on weekend and in the mornings (Hernandez-Rodriguez, 2014).

Dimensions/Features		Mobile Street Markets	Formal Local Retailers	Large Retailing Multinationals
Convenience	Price	+++	+	++
	Quality (freshness)	++	+	+++
	Variety	++	+	+++
Service	Trustworthiness	+++	++	+
	Familiarity	+++	++	+
	Socialization	++	+	+++
Comfort	Proximity (location)	+++	++	+
	Accessibility (Transport)	++	+++	+
	Time spent to go shopping	++	+++	+

+++ The most advantageous business model.

++ The following most advantageous business model.

+ The less advantageous business model.

Table 1. Advantages of Informal Street Markets

Table 1 summarizes the advantages of tianguis versus formal established retailers. Many persons go to tianguis due to low prices and additionally they identify quality as a competitive advantage of this business model.

4.1. Business model for the BOP

Proposition 1: Vendors offer low price and quality to price sensitive consumers.

The main constraint of the tianguis business models is the low willingness to pay of potential consumers, which drives vendor's choices to the objective of reducing costs. To take advantage of this opportunity and gain greater efficiencies in its operations, retailers refine and extend their own skills, capabilities and resources.

It is important to highlight that the reduction of transaction costs between customers and sellers is a key element. Indeed, most of the major success stories among tianguistas involve the appropriate management of distribution. Tianguistas do not pay a transport (freight) cost because they use their own trucks or cars. Moreover, tianguis compete with established retailers by socializing externalities. Tianguis vendors do not pay their full cost, they shift costs between economic actors or from themselves to society as a whole. Tianguis business are profitable due to the ability to avoid regulations (licensing procedures, labor regulations, and zoning ordinances) and the payment of taxes and rent, and in some cases through the delivery of the non-exact weight of the products. In other words, tianguistas persist because they are breaking the rules. If the State enforces taxes and regulations on certain economic actors (formal markets, supermarkets, hypermarkets) but not on tianguistas, the latter is in a sense being subsidized by the former.

Proposition 2: The merchandise and stalls arrangements follow the needs and wants of the local low income customers, adding diversity to the experience.

The first step was to visit and observe how the tianguis system works. The first output of the research is that tianguis offer a wide assortment of goods. The attributes determining overall acceptance of products among mobile street market consumers are significantly influenced by product attractiveness and price sensitivity. Purchase intent is influenced by appearance, taste and

overall liking. Consumers rely on sensory effects of touch, feel and pick, appearance, and trustworthiness of vendor in choosing products. Clothing is a major item. It is estimated that more than one-third of Mexicans buy some or all of their clothing at a tianguis, however they do not reveal so in this survey.

Preposition 3: The social acceptance of mobile street markets explained by some cultural factors influence.

When evaluating the products from consumers seemed to be affected by a strong cultural bias. For instance, preferences and perceptions of Mexican consumers on food products also depend on the social and cultural values and they put more emphasis on the place of origin of food products than on brand names or hygiene standards. There seems to be cultural specificities in the usage and consumption of products sold at street mobile markets.

Consumers in street markets show exploring tendencies to ethnic food that has price advantage and homemade savor. Cultural value combined with functional utility is one of the powerful stimuli for consumers to shop in street markets in large cities where distance to superstore and shopping malls are the major determinants of shopping [Castilhos& Rossi (2008), Ahmed &d'Astous (2006)]. Shopping and eating out on street markets among consumers of major cultural and ethnic groups have developed as a leisure shopping behavior in emerging countries. It is perceived by the consumers that food vendors in the street markets use fresh meat and quality cooking ingredients applying semi-mechanized cooking process for the recipes of cultural traditions. The food cooked by the vendors in the street markets is perceived to taste like home cooked food and such cultural identity influences the consumer decisions about the private and public kitchen, the spaces of consumption with ethnicity and an understanding of what is authentically traditional irrespective of hygiene standards [Rajagopal (2009),Herrera-Corredor et al (2007)].

The prevalence of the one-to-one interactional marketplaces shows that retailing is a fundamental element for the organization of a compact and more livable city furthering the relations of proximity. As same vendors erect their stalls in street markets that are held periodically, consumers gradually develop loyalty with the vendors in these markets.

On the other hand, subsistence entrepreneurs play an important role in developing economies by forming small businesses that represent a way of life, providing employment at the base of the pyramid and contributing to the alleviation of poverty. (Toledo-Lopez, Diaz-Pichardo, Jimenez-Castañeda& Sanchez-Medina, 2012). Mobile street markets benefit the government by reducing public pressure for jobs and economic benefits, and it also benefits with more efficient distribution outlets.

4.2. The resilience of the mobile street markets as business models

Vendors in mobile street markets learn the ability to morph forever their business models and strategies as circumstances change, to continuously anticipate and adjust to changes that threaten their core earning power. The benefits of low-income communities are linked to consumption, as they have the possibility of acquiring affordable goods.

Tianguistas have recovered and adapted from changes happening in retailing and have generated value for themselves and their customers. One advantage of mobile street markets is a convenient location. When tianguis were transformed in established public city markets, there was a sprout on new street markets. When local retailers started opening new stores, tianguis adapted their offer to the needs and wants of their customers and increased in number.

Established markets are in disadvantage when compared to tianguis due to their immobility. Furthermore, established markets usually charge a higher price explained by their higher cost: rent and taxes, among other factors. Though they are established in the same location, supermarkets and hypermarkets have low cost due to discounts from providers and thus can compete in price with other traditional established retailers.

Many believed small retail players in Latin America would be swept away by the sector's consolidation and the rapid entry of new hypermarkets and supermarkets –organized large foreign

retailers (D'Andrea, Silvestri, Costa, Fernandes&Fossen, 2011). However, that did not occur. They missed the advantages that tianguis have: mobility and adaptability. Tianguis are open markets moving once a week to the streets in the suburbs or towns where people can and go shop the necessary produce and items.

The resilience perspective of informal street markets has important implications for companies that wish to become more sustainable(Elaydi& Harrison, 2010). Creating real markets among the poor – with adequate information, competition, and choice – can change the situation.

Companies that wish to ensure their long-term resilience must reach beyond their own boundaries, develop an understanding of the intricate systems in which they participate, and strive for continuous innovation and renewal. In the Latin America's distinctive retail terrain, the rules are different: Strategic adaptation becomes more important than strategic planning, and decision makers need to embrace uncertainty rather than trying to eliminate it. It is not sufficient for a company to redesign only those systems that it fully controls. At best, this will result in incremental changes that do no harm but do not create substantial benefits either for the enterprise or for society. They must do all this without compromising the value and profitability of their offerings for high-income customers. And, when possible, they must seek to decrease their costs.

Selling to emerging consumers is no small challenge for large consumer-goods retailers, especially those unfamiliar with this broader playing field in emerging markets. Multinational companies must offer subsistence consumers different value, modify their distribution and marketing strategies, and achieve global scale and local focus in order to accelerate their penetration of emerging markets, and to sustain profits over time. If inefficiencies of the unorganized sector are removed, an attractive market – for both consumers and firms – is to be found. Furthermore, problems existing in subsistence marketplaces demand the attention and involvement of responsible businesses and that doing business with consumers in such marketplaces can be both socially responsible and profitable (Weidner, Rosa & Viswanathan, 2010).

5. Conclusions

The main objective of this paper is to identify the features allowing informal mobile street markets to face competition from formal established retailers, including large retail multinational. To do so, I review the case of two tianguis in Guadalajara, Mexico. Tianguis is a traditional Mexican open market that after centuries is still one of the most important business models in Mexico.

Tianguis is a resilient model business in Mexico. Resilience is the capacity for continuous reconstruction requiring innovations regarding values, processes, and behaviors that systematically favor perpetuation, though success is not self-perpetuating. A resilient entrepreneur aligns her strategy operations, management, structure, and decision-support capabilities so that it can uncover and adjust to continually changing risks, endure disruptions to its primary earnings drivers, and create advantages over less adaptive competitors. That is what tianguis have been doing to survive.

I argue that tianguis are prevalent and successful in Mexico thanks to their dynamism. Vendors offer low price and quality to price sensitive consumers. Additionally, this is explained by the merchandise and stalls arrangements follow the needs and wants of the local low income customers, adding diversity to the experience. And, finally, the social acceptance of mobile street markets is explained by some cultural factors influence.

Multinationals can learn a lot about consumer marketing in the developing world by looking at the practices of street mobile markets. As tianguis do, multinationals should follow a strategy that is constantly reinventing in response to emerging opportunities and trends, dynamically remaking its future. The lesson here can be summarized in understanding the relevance, adaptability and the tailoring of products to suit specific BOP needs and wants in an efficient manner

My study is focused in a metropolitan area in Mexico, thus I acknowledge potential differences in decision making in other subsistence markets. Nevertheless, at the same time insights

from this study can contribute towards further understanding, given common constraints that subsistence consumers may face in Latin America.

It is important to focus on issues related to entrepreneurship at the micro-marketing level, understanding *why* retailers participate in mobile subsistence markets and what the motivation behind their choice is. This is a future research avenue to study innovations in distribution at the base of the pyramid markets.

References

- Ahmed SA, d' Astous A (2006) Product-country images in the context of NAFTA: A Canada - Mexico study. *Journal of Global Marketing* 17 (1): 23 - 43.
- Alexander N, de Lira e Silva M (2002) "Emerging markets and the internationalisation of retailing: the Brazilian experience". *International Journal of Retail & Distribution Management* 30 (6): 300 - 314.
- ANTAD (2015). From <http://www.antad.net/>. Retrieved on October 18, 2016.
- Bromley RDF (1998) Informal Commerce: Expansion and Exclusion in the Historic Centre of the Latin American City. *International Journal of Urban and Regional Research* 22(2): 245-263.
- Castilhos R, and Rossi C (2008) Consumption, Social Status and Distinction among Working Class Families. *Advances In Consumer Research - Latin American Conference Proceedings* 2: 174-175.
- Chikweche T, Fletcher R (2010) Understanding factors that influence purchases in subsistence markets. *Journal of Business Research* 63(6): 643 - 650.
- CONEVAL (2016) From: www.coneval.org.mx/. Retrieved on January 10, 2017
- Crabtree A (2007) Evaluating "The Bottom of the Pyramid" from a Fundamental Capabilities Perspective. Copenhagen Business School Centre for Business and Development Studies Working Paper 1: 1-22.
- D'Andrea G (2010) Latin American retail: where modernity blends with tradition. *International Review of Retail, Distribution & Consumer Research* 20(1): 85-101.
- D'Andrea G, Silvestri L, Costa L, Fernandes F, Fossen F (2011) Innovation Platforms for Emerging Consumers: Spinning the Wheel of Retailing in Latin America. *Advances in International Marketing* 21: 33-56.
- Elaydi R, Harrison C (2010) Strategic motivations and choice in subsistence markets. *Journal of Business Research* 63(6): 651-655.
- Hammond AL, Kramer WJ, Katz RS, Tran JT, Walker C (2007) The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid. World Resources Institute and International Finance Corporation/World Bank Group.
- Hernandez-Rodriguez C (2014) "The Resilience of Informal Mobile Street Markets." Proceedings, International Business & Economy Conference (IBEC) China 2014. P 66-83.
- Herrera-Corredor J, Saidu J, Khachatryan A, Prinyawiwatkul W, Carballo-Carballo A, Zepeda-Bautista R (2007) Identifying drivers for consumer acceptance and purchase intent of corn tortilla. *Journal of Food Science* 72(9): S727-S731.
- INEGI (2016) From: <http://www.inegi.org.mx/>. Retrieved on January 21, 2017
- Karnani A (2006) Misfortune at the Bottom of the Pyramid. *Greener Management International* 51: 99-110.
- Landrum NE (2007) Advancing the base of the pyramid debate. *Strategic Management Review* 1(1): 1-12.
- MacMillan IC, and McGrath R (1997) Discovering New Points of Differentiation. *Harvard Business Review* 75(4): 133-145.
- Molinos LM, Saez L, Saldivia D, Sorolla F (2008) The Scenario of Street Markets (Ferias Libres) in Chile: Their Acts and Experiences. *Latin American Advances in Consumer Research* 2: 229-230.

-
- Nakata C, Viswanathan M (2012) From impactful research to sustainable innovations for subsistence marketplaces. *Journal of Business Research* 65(12): 1655-1657.
- Ni N, Wan F (2008) A configurational perspective of branding capabilities development in emerging economies: The case of the Chinese cellular phone industry. *Journal of Brand Management* 15(6): 433-451.
- Prahalad CK, Hart SL (2002) The fortune at the bottom of the pyramid. *Strategy + Business* 26: 1-14.
- Rajagopal D (2009) Growing shopping malls and behavior of urban consumers. *Journal of Retail and Leisure Property* 8(2): 99-118.
- Rajagopal D (2010) Coexistence and conflicts between shopping malls and street markets in growing cities: Analysis of shoppers' behavior. *Journal of Retail and Leisure Property* 9(4): 277-301.
- Sinclair J, Pertierra ACJ (2012) *Consumer culture in Latin America*. Palgrave Macmillan, England.
- Spiekermann S, Rothensee M, Klafft M (2001) Street marketing: how proximity and context drive coupon redemption. *Journal of Consumer Marketing* 28(4): 280-289.
- Toledo-Lopez A, Diaz-Pichardo R, Jimenez-Castañeda JC, and Sanchez-Medina PS (2012) Defining success in subsistence businesses. *Journal of Business Research* 65(12): 1658-1664.
- Viswanathan M, Sridharan S, Ritchie R (2010) Understanding consumption and entrepreneurship in subsistence marketplaces. *Journal of Business Research* 63(6): 570-581.
- Weidner KL, Rosa J, Viswanathan M (2010) Marketing to subsistence consumers: Lessons from practice. *Journal of Business Research* 63(6): 559-569.e
- Wood VR, Pitta DA, Franzak FJ (2008) Successful marketing by multinational firms to the bottom of the pyramid: connecting share of heart, global "umbrella brands", and responsible marketing. *Journal of Consumer Marketing* 25(7): 419-429.
-