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A Comprehensive Study on Disruptive Innovation in Chennai's Street Vending Economy: New-Gen Vs. Traditional Entrepreneurs – Challenges, Consumer Shifts and Strategies

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Abstract

India's vision of Viksit Bharat 2047 emphasizes inclusive economic growth, digital empowerment, and sustainable entrepreneurship, positioning street vendors as vital contributors to urban commerce and livelihood generation. This study examines the evolving distinction between traditional street vendors and disruptive vendors who leverage digital technologies, branding, and innovative business models to enhance market competitiveness. It investigates differences in business operations, digital payment adoption, social media engagement, consumer preferences, and the challenges faced by both categories of entrepreneurs. The study further explores how digital visibility, convenience, and technology-driven practices influence consumer purchasing behaviour and reshape urban retail ecosystems. Primary data were collected from street vendors and consumers using convenience and random sampling techniques. Both descriptive and inferential statistical analyses were employed to interpret the findings. The results provide insights into the transformation of grassroots entrepreneurship and highlight the growing influence of digital platforms and algorithm-driven marketplaces in shaping demand patterns, vendor performance, and the future of India's informal economy under the Viksit Bharat 2047 vision.

Keywords: *Innovation, Street Vendors, Disruptive Vendors, Consumer Preferences, Viksit Bharat 2047, Business Models*

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1. Introduction

India's informal economy has long served as a major source of employment, income generation, and entrepreneurial activity, with street vending representing one of its most dynamic components. According to recent estimates, millions of street vendors contribute significantly to urban retail ecosystems by providing affordable goods and services while supporting local supply chains and inclusive economic growth. The Government of India's vision of Viksit Bharat 2047 recognizes the importance of strengthening micro-entrepreneurship through digital transformation, financial inclusion, and technological innovation (Kummitha, 2024). Simultaneously, rapid urbanization, increasing smartphone penetration, digital payment systems, and platform-based commerce are transforming the operational landscape of street vending (Bromley, 2023). Disruptive innovation has emerged as a transformative force that fundamentally alters conventional business models by introducing technology-driven solutions capable of creating new markets and changing consumer behaviour. In the street vending ecosystem, disruptive entrepreneurs increasingly utilize digital payments, online food delivery platforms, social media marketing, QR-code-based transactions, geo-location services, and customer feedback mechanisms to improve visibility and operational performance (Christensen et al., 2018). Chennai presents an ideal context for examining this evolving transformation because of its rapidly expanding urban economy, strong digital infrastructure, vibrant informal markets, and diverse consumer demographics. The city hosts thousands of street vendors operating across food services, apparel, household products, and convenience retail, making it a representative urban laboratory for studying entrepreneurial transitions. Rising consumer expectations regarding convenience, hygiene, digital accessibility, quick service, and personalized experiences have encouraged several vendors to integrate technology into their daily operations. Simultaneously, changing purchasing behaviour among younger consumers increasingly favours digitally connected businesses capable of offering seamless payment options and online visibility (Donthu & Gustafsson, 2020). Against this backdrop, the present study undertakes a comprehensive comparative analysis of disruptive and traditional street entrepreneurs in Chennai by examining differences in business models, technology adoption, consumer preferences, operational challenges, and strategic responses. The study further investigates how digital visibility, social media engagement, electronic payment systems, and evolving consumer expectations influence entrepreneurial performance and business resilience. Using both descriptive and inferential statistical techniques, supported by data collected from street vendors and consumers through convenience and random sampling methods, the research provides empirical evidence on the transformation of grassroots entrepreneurship in an emerging digital economy (World Bank, 2024).

2. Background of Study

The informal economy remains an indispensable pillar of urban development, particularly in emerging economies where self-employment and micro-enterprises generate substantial employment opportunities. Street vending represents one of the most visible forms of informal entrepreneurship, supplying affordable products and services while strengthening local value chains and urban consumption. With India's aspiration of becoming a developed nation under Viksit Bharat 2047, policymakers increasingly recognize the need to integrate informal entrepreneurs into the formal economic ecosystem through financial inclusion, digitalization, and entrepreneurial capacity building (Bhanot & Gaikwad, 2025). This transition is expected to improve productivity, enhance income security, and foster sustainable urban livelihoods, thereby positioning street vendors as significant contributors to inclusive economic development rather than merely informal workers (Peimani & Kamalipour, 2022). Digital transformation has substantially reshaped entrepreneurial practices within the informal retail sector. The increasing accessibility of smartphones, cloud-based applications, UPI-enabled transactions, QR-code payments, digital bookkeeping, and social networking platforms has enabled many vendors to modernize their business operations and improve customer engagement. These technological interventions reduce transaction costs, enhance operational transparency, expand market reach, and improve financial resilience (Dusane & Zade, 2024). Chennai has emerged as one of India's rapidly growing metropolitan economies where digital commerce, mobile-based consumer behaviour, and entrepreneurial innovation are transforming traditional retail ecosystems. The coexistence of conventional street vendors with digitally empowered new-generation entrepreneurs has intensified market competition while simultaneously creating opportunities for business innovation. Consumers increasingly value convenience, contactless payments, online visibility, product customization, and faster service delivery, compelling many vendors to redesign their business strategies (Observer Research Foundation, 2023). Although previous studies have explored street vending from the perspectives of livelihood generation, urban governance, financial inclusion, and regulatory challenges, relatively limited research has comparatively examined traditional and disruptive street entrepreneurs within a common analytical framework. There remains a significant knowledge gap regarding how digital business models, technological capabilities, consumer behavioural shifts, and innovation strategies collectively influence entrepreneurial competitiveness and long-term sustainability (Ndaba, 2025).

3. Scope and Significance of Study

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The present study focuses on the evolving street vending ecosystem in Chennai, with particular emphasis on the comparative analysis of traditional street vendors and new-generation disruptive entrepreneurs. It examines how digital transformation, innovative business models, branding strategies, cashless payment systems, and social media engagement are reshaping entrepreneurial practices in the informal retail sector. The study further investigates changing consumer preferences, purchasing behaviour, and technology adoption that influence business competitiveness and sustainability. By integrating perspectives from entrepreneurship, disruptive innovation, consumer behaviour, and the informal economy, the research provides a multidimensional understanding of grassroots business transformation (Agarwal & Kesar, 2023). The significance of this study lies in its contribution to contemporary entrepreneurship literature by examining disruptive innovation within an often-overlooked segment of the informal economy. The innovation is equally significant from a managerial and societal perspective because it demonstrates how disruptive technologies influence customer engagement, operational efficiency, and long-term business resilience among micro-entrepreneurs. The innovation can help the traditional vendors identify pathways for digital transformation while enabling disruptive entrepreneurs to understand evolving consumer expectations and competitive strategies (Ratten, 2024).

4. Objective of Study

- To compare the business models adopted by traditional street vendors and new-generation disruptive entrepreneurs in Chennai's street vending economy
- To examine the extent of digital technology adoption, including digital payment systems, social media marketing, and online business platforms, among street vendors
- To analyse the changing consumer preferences and purchasing behaviour influencing the competitiveness of traditional and disruptive street vendors
- To identify the major operational, financial, technological, and regulatory challenges faced by both categories of street entrepreneurs
- To evaluate the strategies adopted by traditional and disruptive street vendors for improving business sustainability, customer engagement, and market competitiveness

5. Reviews of Literature

A systematic review by Logaiswari Indiran et al. (2024) synthesised evidence from 184 scholarly articles and identified five key drivers that foster innovation-oriented entrepreneurial capabilities: technology-enabled virtual learning environments, online distance learning, digitalization, competency-based education, and experiential learning. The study concludes that these components collectively strengthen entrepreneurial adaptability, technological competence, and innovation capacity in rapidly evolving business environments. The findings further suggest that digital transformation not only enhances entrepreneurial education but also equips emerging entrepreneurs with the skills required to respond effectively to market disruptions and changing consumer expectations (Gaikwad, 2024).

Street vendors continue to play a critical role in urban economies despite facing institutional and regulatory challenges. Mphale et al. (2023) employed semi-structured interviews, field observations, and policy analysis to examine street vendors' claims to urban space through the "right to the city" framework. The study found that vendors strategically negotiate restrictive regulations by operating informally and developing collaborative relationships with formal businesses.

Similarly, Nandhini (2021) investigated the socio-economic challenges encountered by street vendors during the COVID-19 pandemic in Tamil Nadu and reported substantial income losses, inadequate access to government welfare schemes, limited social security, and digital exclusion.

The contribution of street vendors to urban food systems and community accessibility has also received considerable scholarly attention. Lucan et al. (2014) examined the spatial distribution and

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accessibility of mobile food vendors through geographic mapping and structured survey methods. Their findings demonstrate that systematic street-level data collection significantly improves the understanding of informal food environments while highlighting the essential role of mobile vendors in enhancing food accessibility, particularly within underserved urban neighbourhoods.

6. Research Methodology

The paper consists of both primary data (questionnaire) and secondary data (review blogs, articles, journals). The sample size is 50 as respondents of both genders have participated in this study.

7. Discussion and Analysis

To identify the dominant business practices among street vendors (both traditional and disruptive), mean rank analysis was run. Among the factors for identifying business models adopted by both the category of street vendors, the factor "way of attraction" ranks higher with 3.66.

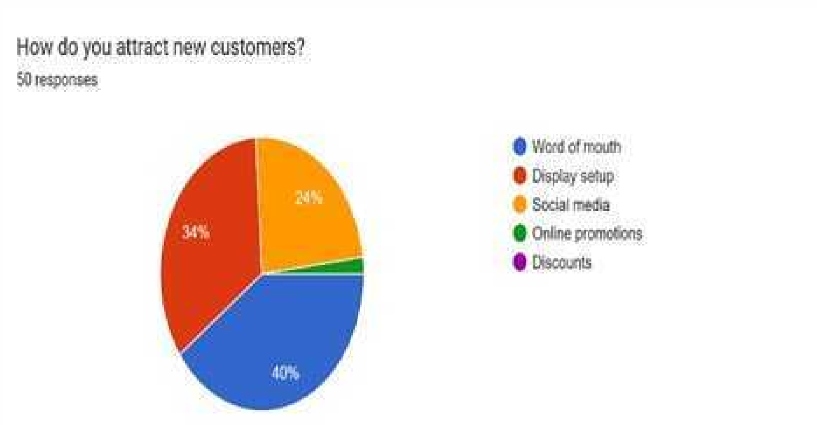

Fig 1. Picture depicting chart for customer attraction (Source: Primary Data)

Customer attraction strategies rank the highest, representing the most actively adopted business innovation practice among both the vendors, suggesting that competitive visibility plays a central role in sustaining business operations. From the mean rank and chart displayed above, traditional street vendors attract customers by way of word of mouth and disruptive street vendors attract by way of social media promotions.

- **To study when customers approach these vendors the most, mean rank analysis was run.**

Time of Approach	Mean
Weekdays	.510
Weekend	.837

Table1. Table showing Mean Rank (Source: Primary Data)

A higher mean is observed where customers visit the most during weekend, particularly evening. This shows that business performance improve significantly during weekends, highlighting importance over temporal demand patterns in vendor revenue strategies. To study whether there is a significant association between the type of street vendor (traditional and disruptive) and the customer type, Chi-square test of independence was conducted and hypothesis was set

H_0: There is no significant relationship between the type of street vendor and the type of customer

H_1: There is a significant relationship between the type of street vendor and the type of customer

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.238[a]	3	.002
Likelihood Ratio	17.676	3	.001
Linear-by-Linear Association	10.671	1	.001
N of Valid Cases	50		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 2.50.

Fig2. Chi-square tests (Source: Primary Data)

The p-value is less than 0.01 and this indicates customer segmentation differs with the type of street vendors. Hence, Null hypothesis is rejected and Alternative hypothesis is accepted. To study whether street vendors applied for schemes like PMSVA Nidhi for improving and reaching out their business to a larger scale and whether this score differs significantly, a one -sample t-test was conducted and the hypothesis was set.

H_0: There are no significance regards the street vendors applying for Government Schemes for business improvement

H_1: There are significance regards the street vendors applying for Government Schemes for business improvement

Criteria	Mean	p-value
Applying for Government Schemes	3.52	0.000

Table 2. Table showing One-sample t-test (Source: Primary Data)

From the table above, it is indicated that there is significance regards the street vendors applying for Government Schemes for business improvement. During interviewing many street vendors, it was found that more than 95% of the sample size did not opt for any schemes from the Government like the PMSVA Nidhi. To study whether street vendors face an impact of capital acquirement, One-way ANOVA was conducted and hypothesis was set.

H_0: There are no significance regards the impact of stock and capital acquisition and factors that improve their business

H_1: There are significance regards the impact of stock and capital acquisition and factors that improve their business

Criteria	R-square	p-value
Difficulty in stock and capital acquisition	0.494	0.044

Table 3. Table showing One-way ANOVA (Source: Primary Data)

The p-value is less than 0.05 indicating that there is significance regards the impact of stock and capital acquisition and factors that improve their business. This shows street vendors face problems as to capital acquisition. This poses a need for educating them about the various schemes available to them and training them to apply for the same. To study the earnings performance and digital payment adoption by both the street vendors, Spearman's Rank Correlation analysis was conducted and hypothesis was set

H_0: There is no significant relationship between the earnings performance and the adoption of digital adoption improving their business

H_1: There is a significant relationship between the earnings performance and the adoption of digital adoption improving their business

Correlations

			Earn	Digital Payment
Spearman's rho	Earn	Correlation Coefficient	1.000	.452**
		Sig. (2-tailed)	.	.001
		N	50	50
	Digital payment	Correlation Coefficient	.452**	1.000
		Sig. (2-tailed)	.001	.
		N	50	50

Fig3. Spearman's Rank Correlation (Source: Primary Data)

The p-value is less than 0.01, indicating that there is a significant relationship between the earnings performance and the adoption of digital adoption improving their business. Here, r= 0.452 indicating a high positive correlation. To examine the influence of vendor strategies and innovation practices on consumer's buying behaviour, linear regression analysis was conducted and hypothesis was set

H_0: There are no significance regards the strategies and innovation practices on consumer's buying behaviour

H_1: There are significance regards the strategies and innovation practices on consumer's buying behaviour Criteria	R-square	p-value
Strategies and innovation on customer's buying behaviour	0.407	0.000

Table 4. Table showing linear regression (Source: Primary Data)

The p-value is less than 0.01 and this show that are significance regards the strategies and innovation practices on consumer's buying behaviour. Vendors' strategies and innovation significantly influence consumer's buying behaviour.

8. Finding of Study

- The study reveals that Chennai's street vending economy is undergoing a significant transformation driven by disruptive innovation and digital entrepreneurship. New-generation street vendors increasingly differentiate themselves from traditional vendors by adopting technology-enabled business models that incorporate digital payment systems, social media marketing, online customer engagement, and digital branding. These innovations enhance operational efficiency, improve customer convenience, and strengthen market competitiveness.

- The findings further indicate that consumer preferences have shifted considerably toward vendors offering seamless digital experiences, including cashless transactions, online visibility, quick service, and enhanced product accessibility. Younger and digitally literate consumers particularly prefer entrepreneurs who integrate technology into their business operations.
- The study also identifies several challenges affecting both categories of entrepreneurs. Traditional vendors face barriers related to digital literacy, limited financial resources, inadequate technological infrastructure, regulatory uncertainty, and restricted access to institutional credit. The disruptive entrepreneurs encounter challenges associated with increasing market competition, rising technology costs, platform dependency, cybersecurity concerns, and the continuous need for innovation to sustain competitive advantage.

9. Conclusion

The transformation of Chennai's street vending economy reflects the growing influence of disruptive innovation, digital technologies, and changing consumer behaviour on grassroots entrepreneurship. The comparative analysis demonstrates that new-generation entrepreneurs are increasingly leveraging digital payments, social media platforms, branding strategies, and technology-driven business models to enhance customer engagement and market competitiveness. Meanwhile, traditional street vendors continue to play a vital role in urban commerce through affordability, personalized services, and strong community relationships, despite facing challenges related to digital adoption and formal market integration. The study highlights that both entrepreneurial models possess unique strengths, suggesting that technological advancement should complement rather than replace traditional business practices. The study concludes that sustainable development of the street vending sector requires an integrated approach combining digital inclusion, entrepreneurship development, financial accessibility, supportive urban governance, and policy reforms. Strengthening digital literacy, expanding access to affordable technological infrastructure and promoting innovation-friendly regulatory frameworks can enable traditional vendors to transition successfully into the digital economy while preserving their economic resilience. The findings contribute to the literature on disruptive innovation, informal entrepreneurship, and urban retail transformation, offering practical implications for policymakers, researchers, and practitioners.

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