

# Social and Economic Impact of the Colon Night Market to Small Scale Vendors

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## ABSTRACT

*Colon* is the oldest street in the Philippines. It used to be the center of trade and commerce decades ago. The study aimed to determine the vendor demographics and the positive and adverse effects of the city government-organized ***Colon Night Market Program*** on the night market vendors in Cebu City, Philippines. Impact Value Chain and Social Return on Investment Method Analysis were used. Two survey questionnaires were prepared: one administered to the vendors that benefited the night market program, and another set was conducted to the customers. The results were validated by in-depth interviews. The study discovered that Muslim-Filipino vendors constituted the group of vendors with the highest proportion while the homegrown *Cebuanos* constituted the least number. The affirmative effects of the program were identified: better income and improved quality of life for the individuals, creation of more jobs, an

offering of better deals and lower price, and the building of camaraderie among vendors. There were also a few negative issues identified. It was also discovered that there is \$6.44 dollars for every one dollar invested by the government. It is recommended that the program is operated year-round to achieve a higher return on investment.

**Keywords**— Colon Street, night market, small scale vendors, descriptive design, Cebu City, Philippines

## INTRODUCTION

Cebu City, Philippines is considered the oldest city in the Philippines, as this was the site of the earliest European settlement established by Spanish subjugator Miguel Lopez De Legazpi. Calle Colon in Cebu, the Philippines' oldest street named after explorer Christopher Columbus, which was constructed in 1565, had houses that were built in a row, facing each other on both sides of the main street which was Colon. There were about 30 to 40 families who were the original settlers of Parian whose descendants have left indelible marks of Cebuano politics, religion, business, and arts and letters (Briones, 2000).

Right after the Association of South East Asian Nation (ASEAN) summit, the city government organized Colon Night market program to bring back the old glory of the oldest street in the country which was the center of trade, commerce and industry decades ago. The Colon night market program has been operated since 2007 and conducted four times a year: on January as part of the Sinulog celebration, middle of May to June during the opening of classes and Cebu Business Month, on August in time of Ramadan, and every middle of November to December Christmas season.

Muslims in the Philippines consist of 13 ethno-linguistic groups distributed according to their respective geographical locations. They are: the *Maranao* (Lanao del Sur), *Maguindanao* (Maguindanao Province and Cotabato), *Tausug* (Sulu), *Sama*, *Yakan*, *Sangil*, *Palawani*, *Molbog*, *Kolibugan*, *Jama Mapun*, *Iranun*, *Ka'agan*, and *Badjao*. Among these 13 ethno-linguistic groups, the Maranaos are considered to be most business-minded and comprises the majority of the traders in Cebu City. Used to be street or ambulant vendors and now partaken the downtown revitalization project which constituted the group of vendors with the highest population while the primitive *Cebuanos* constituted the least

number. Local Cebuanos are people who have been born and raised in Cebu whose parents' origin is also from Cebu. They usually cater to snacks and roadside dining which serves local street food.

## OBJECTIVES OF THE STUDY

A small-scale business operation is limited in scope and does not have a high volume of sales. This small-scale street vendors directly sell finished products and engage in services that are now eligible for government support. To align its goal of revitalizing the city's downtown area, the study aimed to determine 1) the small-scale vendors and consumers' demographics; and 2) to find out the positive and adverse effects of the city government organized *Colon Night Market Program* on the night market vendors in Cebu City, Philippines.

## FRAMEWORK

Bangkok is possibly one of the world's "jewels" when it comes to selling goods and services in public spaces both day and night. One of the first things that strike visitors to Bangkok is the sheer number and diversity of vendors on the streets, lanes, sidewalks, and remaining waterways. In addition to "traditional" street stalls selling food, clothing, flowers, toys, electronics, and even foot massages, Bangkok is home to some fairly unique examples of sellers operating in public spaces. Include the well-known "floating markets" on the city's waterways as well as opportunities for vending eked out in some very unusual places such as train rails. There are even vendors specialized in selling "kits" to offer to Buddhist monks before dawn (Yasmeen & Nirathron, 2014).

Many would argue that vending in public places, especially food, is traditional in Southeast Asia and deeply rooted in the local culture. However, most scholars argue that a turning point in the region, including and especially in Thailand, was the arrival of migrants from China, particularly in the 19th century, concomitant with the growth in urbanization.

Food vending in the capital city of Bangkok dates back to the early period associated with the Kings Rama I-III. Whereas in the days when Bangkok was still known as the "Venice of the East", Thai vendors preferred to work from floating markets, Chinese immigrants were pioneers in land-based retailing. Street vending, which had earlier helped Chinese immigrants, became the

“survival strategy” of another wave of migrants. Mass rural-urban migration perpetuated by economic development created both demand for, and supply of, street vending. Factors contributing to this phenomenon included uneven income distribution between Bangkok and rural areas and rapid urbanization of the capital.

The aftermath of the 1997 financial crisis, which saw many laid-off workers take up street vending, was a testimony to the “paradigm shift” in government policy on employment as well as to the government’s tenacious role in Thai culture. Activities in the informal sector were regarded as valuable economic endeavors, not only because of their role in capitalism, but also because of their role in employment creation for the unemployed due to the uncertainty in wage employment in the formal sector. Over time, a specific urban culture and economy emerged with vending in public space, becoming a Bangkok hallmark.

Street vendors have a complicated economic status. Many earn subsistence incomes or even less, but there are also vendors who accumulate capital and, considering their daily earnings, can be classified as people of middle income. Some street vendors can expand their ventures. A shift in employment triggered by neoliberalism and globalization-induced “a new generation” of vendors on the street. For these people, street vending is not a “survival strategy” but, rather, an alternative income generating activity leading to economic mobility. Yasmeen and Nirathron (2014) found that the common factors that contribute to the success of street vendors of all economic status are self-confidence and selling venues. Street vendors who earned subsistence income valued an inexpensive source of raw materials whereas well-off vendors gave high importance to capital, family support, and knowledge.

An issue of significant importance in Bangkok, which pertains to Thailand and Southeast Asia in general, is the unique configuration of gender roles on Hawking and how this meshes with urbanization, immigration, and – most importantly – how one interprets the meaning of these titles. Visitors to Bangkok will notice the strong presence of women vendors in comparison to South Asian countries. Migrants from other parts of Thailand and neighboring countries also factor into the labor force. Female labor force participation rates in Southeast Asia in general and Thailand, in particular are very high and combined with the late age of marriage, many unmarried women and few children per woman.

There are debates among scholars as to what extent is this a sign of “high” or “low” status. No matter what the interpretation, one thing is sure: Thai women are not confined to the home and easily access all the parts of the city as both

buyers and sellers of goods and services in a myriad of public spaces. Regarding the expansion of trade and growth of micro-enterprises for upward mobility, women may be in a more disadvantageous position as they have less control over the time and labor of members of the family. Nirathron (2006) demonstrated that, by the 1980s, vending in Bangkok was no longer female dominated and included roughly as many men as women.

The growth, boom, bust and recovery of the Bangkok economy – as well as rates of economic growth in China and other parts of Southeast Asia – has affected the nature of vending in public spaces in the city. In addition to the well-known pattern of migrants from the impoverished Northeast of the country (Isaan), Bangkok is now witnessing the growth of more middle-class vendors selling food (including Chinese and other non-Thai items), goods from China, etc. Many of these individuals are men of Chinese ancestry – some of them quite well educated. At the other end of the spectrum, Bangkok streets are welcoming a new cohort of migrants from other countries such as Myanmar, Laos, Cambodia and China, many of whom are relatively poor.

As to how Bangkok had become now on street vending because of the scale, diversity, creativity, cleanliness, entrepreneurialism, and strong government support involved served an example to other neighboring countries. As becoming part of the picture, Cebu City government may embark on a new plan to make Colon night market program systematic, orderly, and comfortable. Also, it would be best to consider on benchmarking good practices and implement policy direction going forward about hygiene, poverty reduction, and environment hazards which are very common in downtown Colon (i.e. pollution and floods).

## METHODOLOGY

The study used the descriptive survey method administered on the small scale vendors and customers of Colon, Cebu, Philippines night market, through field research which includes informant interviews and researcher-made questionnaire as the major instrument of the study. In a randomly selected sample of the vendor's population, Slovin's formula was used to determine sample size using probability random sampling. Systematic sampling technique was also used to determine the customer respondents who were considered representative of the total population. The *social impact value chain* and *social return on investment* (SROI) methods analysis were also used to assess the positive and negative impact of the government-organized *Colon Night Market Program* on the night market vendors in Cebu City.

## Research Setting

The City of Cebu (*Cebuano: Dakbayan sa Sugbo, Filipino: Lungsod ng Cebu, and Spanish: Ciudad de Cebu*) is the capital city of Cebu and the second city of the Philippines. Being the center of Metro Cebu, it is considered as the second most populous metropolitan area in the Philippines after Metro Manila. With a population of 933, 166 as per the 2010 census, it is the fifth most populated city in the country.

The old street of Colon was formerly considered the venue for fashionable shops, offices and movie house which made it an important center of trade, commerce, and industry in Cebu City. It was once Cebu City's shopping and business district, which connects to the old Chinese district of Parian derived from *paripari* which means "to sell" or "exchange".

The Colon night market program is conducted four times yearly. It is held every month of January during the Sinulog celebration, middle of the month of May to the month of June as part of the opening of the classes and Cebu business month, every month of August in the time of Ramadan and middle of November until December for the Christmas celebration.

This research study was conducted during the peak times of Christmas season wherein 200 vendors were identified and registered members of the Colon Night Market Program.



Figure 1. Map of Colon Street, Cebu City (courtesy of Google Maps)

## Participants

Two survey questionnaires were prepared: one administered on the vendors that benefited the night market program, and another set was conducted on the customers. Two- hundred (200) vendors were identified and registered during the Christmas season of the Colon night market program when the research was conducted.

Before the actual survey, researchers conducted a dry-run survey to a small group of our target participants with 32 sample questionnaires to test its validity and functionality of the research instrument. It has been discovered that 75% of the small-scale vendors identified Muslim-Filipino vendors which composed of the three large tribes (*Maranao*, *Maguindanao*, and *Tausug*) and the indigenous Cebuano constituted the least number which focuses more on foods and merchandising goods.

The researchers have selected 1,000 customers of the night market during the peak times of Christmas season which was considered representative of the total population for the whole period using systematic sampling technique established every hour starting from 6:30 to 10:30 o'clock in the evening with the assistance of 5 hired research samplers.

## RESULTS AND DISCUSSION

About 75% of the total number of respondents constituted to Muslim-Filipino vendors which emerged as the group with the highest number of population in Colon night market, while 25 percent respondents belong to the indigenous Cebuano vendors. Figure 2 illustrates the combination of vendors and customers' positive assessment of the social and economic impact of the government organized Colon night market program using social impact value chain analysis. On the query, "How helpful is the Colon Night Market Program towards small-scale vendors and consumers?" Results were also validated by in-depth interviews.

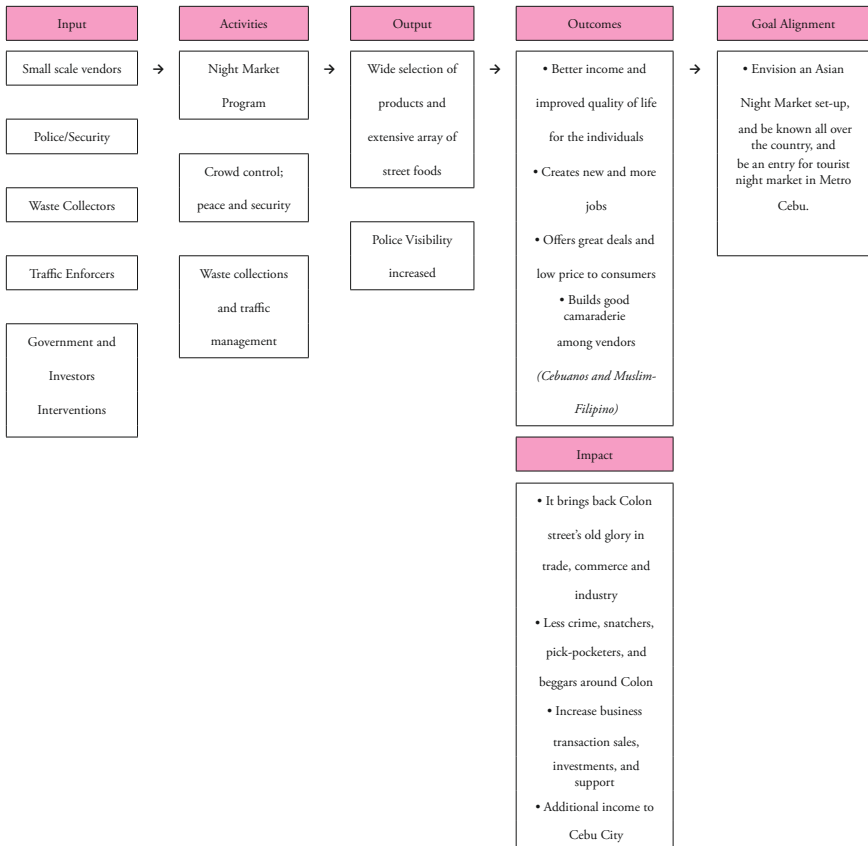


Figure 2. Social Impact Value Chain Analysis

Table 3 reveals that both vendors and customers' respondents identified seven negative major effects of the government organized Colon night market program. On the query "What negative effect could you identify on the Colon night market program to the small scale vendors in Cebu City?" The negative reactions were as follows:

Income instability contributes vendor's leading concern on the government's organized program since it only happens four times a year only. With higher social return on investment, the city government may consider operating year-round to sustain the livelihood of the small scale vendors.



Concerns on road congestions ranks first as customers had to make detours from their official routes. The location of the night market though strategic because of the support facilities surround the market which is within the vicinity of several commercial places in Colon: Tourist attraction, shopping complexes, clothing retail shops, a wholesale supermarket, cinemas, universities along the main road.

Table 3: Identified Negative Effects of the Organized Colon Night Market Program

<b>Vendors</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>	<b>RANK</b>
<b>Does not guarantee income stability</b>	<b>44</b>	<b>33%</b>	<b>1</b>
It creates high competition between vendors due to the product line and price similarities.	32	24%	2
Fluctuates profit among vendors since prices are regulated and haggling is expected.	31	23%	3
Insufficient infrastructure in the area (i.e. stalls, toilets, electricity, and water)	18	14%	4
Not identified any negative effects	8	6%	5
	<b>133</b>	<b>100%</b>	

<b>Customers</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>	<b>RANK</b>
<b>Causes road congestions to motorists due to traffic rerouting scheme</b>	<b>532</b>	<b>53%</b>	<b>1</b>
Insufficient waste removal and sanitation services which results in dirty market conditions and undermine vendors' sales as well as their health.	375	38%	2
It decreases other merchant's sales due to the distraction and inconvenience caused by the vendors to the shoppers	67	7%	3
Not identified any negative effects	26	3%	4
	<b>1000</b>	<b>100%</b>	

## **Projecting into the Future**

### **Impact in Base Year**

Based on the current monthly income generated from the 200 small-scale vendors of \$106 per month, the night market has been operational for four seasonal months per year, the following earnings for the base year shows as \$84,800 income to the National Government calculated as shown below:

$$\text{Base Year: } 200 \text{ vendors} \times \$106 \times 4 \text{ seasonal months} = \$84,800$$

### **Impact in year 1**

If the night market would be operational for the whole year with a monthly income generated from the 200 small-scale vendors of \$106 per month, and using a 10% drop-off due to possible future business ventures, (The 10% is an estimate of the likelihood that vendors will utilize the program less as time goes on) the following income for the 1<sup>st</sup> year shows a \$228,960 to the local government calculated as shown below:

$$\text{Year 1: } 200 \text{ vendors} \times \$106 \times 12 \text{ months} \times 90\% = \$228,960$$

### **Impact in year 2**

If the night market would be operational for the whole year with a monthly income generated from the 200 small-scale vendors of \$106 per month, and using a 10% drop-off due to possible future business ventures, and possible change of the demand from the customers, the following income for the 2<sup>nd</sup> year shows a \$206,064 to the local government calculated as shown below:

$$\text{Year 2: } 200 \text{ vendors} \times \$106 \times 12 \text{ months} \times 90\% \times 90\% = \$206,064$$

### **Impact in year 3**

If the night market would be operational for the whole year with a monthly income generated from the 200 small-scale vendors of \$106 per month, and using a 10% drop-off due to possible future business ventures, possible change of the demand from the customer, and possible change on vendor scale, the following income for the 3<sup>rd</sup> year shows a \$185,458 to the local government calculated as shown below:

$$\text{Year 3: } 200 \text{ vendors} \times \$106 \times 12 \text{ months} \times 90\% \times 90\% \times 90\% = \$185,458$$

### Calculating the Present Value

A 10% discount rate is used to account for the probable increase in costs for paying salaries for police or security personnel, waste collectors, traffic enforcers, and the used of electricity per stall.

Present Value	=	Value of Impact in <u>Year 1</u>	+	Value of Impact in <u>Year 2</u>	+	Value of Impact in <u>Year 3</u>
		$(1+r)$		$(1+r)$		$(1+r)$
		<b>Year 1</b>		<b>Year 2</b>		<b>Year 3</b>
Benefits	=	\$228,960		\$206,064		\$185,458
Discounted Values	=	<u>\$228,960</u>	+	<u>\$206,064</u>	+	<u>\$185,458</u>
		$(1.1)^1$		$(1.1)^2$		$(1.1)^3$
Present Value	=	\$517,784				

Value of Investments:

	Rate	No. of Resources	Rate per Month
Police	\$298	3	\$894
Waste Collectors	\$225	3	\$676
Traffic Enforcers	\$225	2	\$451
Electricity	\$213		\$213

**Monthly Costs \$2,233**

**Annual Costs \$26,796**

**3 Year Investment \$80,387**

NPV = [Present Value of Benefits] – Value of Investments  
 = \$ 517,784 - \$80,387

**NPV = \$ 437,397**

The rates per resources were based on its actual basic salary income in Cebu City.

SROI Ratio:

$$\begin{aligned} \text{Net SROI Ratio} &= \frac{\text{Net Present Value}}{\text{Value of Inputs}} \\ &= \frac{\$517,784}{\$80,387} \\ &= \mathbf{\$6.44: \$1} \end{aligned}$$

The second set of questionnaire was only a formal validation of the common social and economic impacts of the Colon night market program to the small scale vendors in Cebu City. Based on the gathered data conducted through written and in-depth interviews, researchers discovered that majority of these effects established were viable given that there is a social value of \$6.44 created for every investment incurred by the government. And with the increasing number of consumers indulging in the night market, City government needs to consider regularizing the program to maximize value, allow organizers to evaluate strategies to generate social returns and better use of resources, and develop some actions for the underlying negative effects. Graft and corruption issues from city government were not disclosed in this study.

## CONCLUSION

The night market program in Colon Street commenced to re-establish and revitalize the priceless treasure of Cebu City, which aims to bring back the old glory of the oldest street in the Philippines. Colon Street being one of the busiest and most populated parts of Cebu City has contributed to the gradual progression from simple bartering to a complex economy and monetary system of the whole island today. Colon Street transformed into a lively night market which caters to the needs of different people from different walks of life to enjoy buying low priced items from kitchen utensils, household needs, garments, school supplies, finger and street foods, among several others. Amid such rapid changes as technology development, innovations and the rise of huge companies in Cebu City, the cultural value and historical significance of Colon Street has stayed the same. With the positive affirmations and the negative effects identified, it can be concluded that Colon night market program served a substantial impact on the small scale vendors in Cebu City.

## TRANSLATIONAL RESEARCH

The findings of this study may be best translated through benchmarking and implementing best practices from the other successful night market of Southeast Asia. Infusion of tourism-value to the night market may be worth exploring and program may be operated year-round to achieve a higher social return on investment.

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