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The Evolution Of Yiwu's Small Commodity Market: Cultural Entrepreneurship, Digitalization, And Internationalization Toward Southeast Asia

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ABSTRACT:
Yiwu, a county-level city in Zhejiang Province, is one of China's most economically developed regions. In 2005, the United Nations, World Bank, and Morgan Stanley recognized Yiwu as hosting "the world's largest small commodities market". The people of Yiwu are known for their spirit of innovation and exploration, enabling the city to keep pace with the times, pursue progress with determination, and establish a globally renowned small commodity market. This study examines the historical evolution of Yiwu's small commodity market through three interconnected dimensions: cultural entrepreneurship built on the foundation of "Yiwu Spirit," digital transformation that has restructured market operations, and internationalization strategies directed toward Southeast Asia, particularly within the context of the Belt and Road Initiative (BRI) since 2013. Based on qualitative research including in-depth interviews with 16 key stakeholders including chamber of commerce leaders, local entrepreneurs, designers, and cultural consultants, document analysis, and field observations, this study reveals how Yiwu has evolved from a traditional marketplace to a global trade hub. Findings show that Yiwu leverages cultural and creative products to enhance local cultural value, undergoes digital structural transformation, and adopts culturally-sensitive approaches and fan economy models to boost market engagement in Southeast Asian markets. The synergistic mechanism between these three paths has become a key driver for Yiwu's sustainable development in the BRI era. These transformations demonstrate how local culture, design, and innovation can collaboratively drive global market expansion, offering a reference model for other regions pursuing sustainable economic development within the global value chain.
KEYWORDS: *Yiwu Spirit; Cultural Entrepreneurship; Digital Transformation; Internationalization Strategy; Belt and Road Initiative; Southeast Asian Market; Cultural and Creative Design*

1. INTRODUCTION

Yiwu, as a county-level city in Zhejiang Province, has developed into a world-renowned distribution center for small commodities, and in 2005, the United Nations, the World Bank, and Morgan Stanley jointly recognized Yiwu as the “world's largest small commodity market” (United Nations, 2005) [1], highlighting its important position in the global trade network (Belguidoum & Pliez, 2014) [2].

The Yiwu spirit of “diligent cultivation and good learning, uprightness and courage, honesty and tolerance” constitutes the core of local culture and the value guidance for business development (Yiwu Local History Compilation Committee, 2010; Wry et al., 2011) [3] [4]. With the deepening of globalization and changes in digital technology, Yiwu market is facing new challenges: first, the gradual weakening of the traditional low-cost advantage and the serious homogenization of products; second, the impact of the digital economy on the traditional offline trading model; and third, the reconstruction of the global supply chain and the rise of trade protectionism. Especially in the more than 10 years after the “Belt and Road” initiative was put forward in 2013 (2013-2025), it has become a key issue how Yiwu Small Commodity Market can grasp the new opportunities, cope with the new challenges and realize sustainable development.

The purpose of this study is to explore the innovative path for Yiwu Small Commodity Market to cope with the challenges under the background of “Belt and Road” (2013-2025). It focuses on three core issues: how Yiwu has transformed local cultural capital into commercial value; how digital technology has reshaped the market's structure and operation; and how Yiwu has expanded into Southeast Asia under the “Belt and Road” context and realized the dual influence of culture and commerce. Through in-depth interviews with 16 key figures, this study not only analyzes Yiwu's local practices, but also provides important insights for the sustainable development of global regional economies.

2. LITERATURE REVIEW

2.1 Overview of Small Commodity Market Research

As a characteristic business form in China, the small commodity market has attracted widespread attention. Yang and Guo (2005) believe that the combination of local government policies and private entrepreneurial vitality is the key to Yiwu's success, and that the integration of the industrial chain of “trade + intermediary + industry” is formed through the “transfer to the market” [5]. Chen (2022) pointed out that Yiwu's core competitiveness lies in the flexibility of “small orders, miscellaneous goods, and many varieties” [6], and its “market procurement” trade mode accounts for more than 30% of the same kind of exports in the country (Sheng, 2010) [7].Belguidoum and Pliez (2014) emphasized Yiwu's position as a hub of the “global market town” [2].

Regarding transformation and upgrading, Niu and Niu Yan (2022) advocate the improvement of quality through standardization [8], while Westman et al. (2022) emphasize the synergistic path of “growth-copying-merger-imitation” [9]. Existing studies mostly analyze from the macro level and lack a systematic exploration of the interaction between culture, digitalization and internationalization.

2.2 Research on Cultural Entrepreneurship

Lounsbury (2001) proposed the concept of cultural entrepreneurship, emphasizing the role of entrepreneurial narratives in acquiring resources and legitimacy [10]. Hedberg and Lounsbury (2020) analyzed how cultural entrepreneurs use symbolic resources to reconfigure institutional logics [11].Suwala (2015) pointed out that the core competence of cultural entrepreneurs lies in mediating the globalization of the contradictory institutional needs [12].

In the Chinese context, Li and Cheng (2025) studied the entrepreneurial capital formed by Zhejiang merchants combining the spirit of adventure and contractual culture, and the Yiwu market transforming the traditional bazaar culture into a rapid response capability through the strategy of “promoting industry through commerce and linking trade and industry” [13]. However, existing research has paid less attention to the phenomenon of collective cultural entrepreneurship in the environment of trade market.

2.3 Digital Transformation Research

He (2023) proposed that the digital transformation of Chinese micro and small foreign trade enterprises presents a three-stage path of “platform access-capability construction-ecological synergy” [14]. Purwanto et al. (2021) emphasized the importance of omni-channel strategy and cultural inertia in the retail industry [15]. Most of the existing studies target large enterprises, and there is insufficient research on the interaction between digitalization and business culture of small and medium-sized micro-merchants in traditional trade markets.

2.4 Research on Southeast Asia internationalization process

Theories of internationalization have evolved from the stage theory to the network perspective, and Hervé et al. (2020) confirmed that digital technology has compressed the internationalization time of SMEs by 80%, creating the characteristic of “instant globalization” [16]. Regarding the Southeast Asian market, Liang (2024) suggests that China-ASEAN cross-border e-commerce faces the dual dilemmas of “platform dependence and insufficient localization”, and needs to reconstruct the value chain through the B2B2b2C model [17]. However, there is still a lack of research on the use of digital tools in traditional trade markets to expand into emerging markets.

3. METHODOLOGY

3.1 Research Design and Methods

This study adopts a qualitative research design that combines a variety of data collection methods, including in-depth interviews, document analysis and secondary data collection. Qualitative research methods are suitable for exploring the deeper meanings and dynamic processes of complex social phenomena, and are able to capture cultural connotations, individual experiences and situational factors that are difficult to reflect in statistical data. For the study of Yiwu Small Commodity Market as a complex system, qualitative methods can provide richer and deeper understanding.

The study was also complemented by literature analysis and secondary data collection, including government reports, industry data, news reports and academic literature, which were used to supplement and validate the interview data and develop a more comprehensive understanding. The validity of the research findings was enhanced through triangulation of data from multiple sources.

It should be noted that the data cited in this study mainly come from business cases and experience sharing provided by the interviewees, as well as case studies conducted by the research team. While these data are representative, their generalizability should be interpreted with caution due to the limited sample size. Percentages and values in the study mainly reflect the situation of the sample interviewed, rather than precise statistics for the market as a whole.

3.2 Research sampling and Data collection

In terms of interviewee selection, this study adopts a purposive sampling strategy to select key individuals who can provide rich information. Before the formal interviews, the research team first selected two senior market participants (a chamber of commerce executive and an entrepreneur with 20 years of experience) for pilot interviews to test the validity of the interview questions and adjust the research direction. Based on the feedback from the pilot interviews, the research team revised some of the question statements and added specialized questions on the impact of the Belt and Road Initiative, so as to make the interviews more focused on the transformation and development of the Yiwu market during the period of 2013-2025.

Finally, a total of 16 interviewees include both market decision-makers and participants, as well as technology implementers and cultural creators, and can provide insights into the evolution of the Yiwu Small Commodity Market from different perspectives.The interviewees are: four presidents and secretaries-general of business industry associations , five entrepreneurs with more than 10 years of business experience (from traditional foreign trade, cross-border e-commerce, and cultural and creative industries, respectively), and four cultural and creative practitioners , and three cultural consultants.

The interviews were semi-structured and centered on five themes: the historical evolution of Yiwu Small Commodity Market, cultural creativity and innovative entrepreneurship, digital transformation and marketing strategy, internationalization of Southeast Asia in the context of "Belt and Road", and future prospects. The core questions of the interview outline include:

1. *How do you see the role of Yiwu spirit in the development of small commodity market?*
2. *How can cultural elements be integrated into product design and create value?*
3. *How has digital technology changed your business model?*
4. *What impact has the Belt and Road Initiative (2013-2025) had on the Yiwu market?*
5. *What cultural adaptation strategies have you adopted in exploring the Southeast Asian market?*
6. *What relationship do you see between cultural creativity, digitalization and internationalization?*

The interviews spanned the period from November 2024 to May 2025, and each interview lasted approximately 18-40 minutes, and were audio-recorded with the consent of the interviewees and transcribed into textual materials. To ensure the authenticity and accuracy of the data, the research team sent the transcripts to the interviewees for verification and made necessary corrections based on the feedback.In order to save space and present raw interview data efficiently, the following table 2 organizes representative interview excerpts by research topic:

Table 1. Representative interview excerpts categorized by theme

Research Topics	Excerpts from Representative Interviews
Yiwu Spirit and Business Value	*"Yiwu people do not have the idea of waiting and relying on each other, even if they have limited resources, they have to try first. This spirit of daring and experimentation is the key to Yiwu's growth from small to large and from weak to strong." -- Lou, President, Chamber of Commerce*
	"We Yiwu people care about integrity and reputation in doing business, a 'credit is money' concept allows Yiwu market to stand firm in the globalized competition." -- Zhi, Chamber of Commerce Representative
Cultural Entrepreneurship Practice	*"In the past, we just did OEM production, but now we are starting to develop products that incorporate traditional Chinese elements, such as applying paper-cutting and blue and white porcelain elements to daily products, which are very popular in the international market." -- Gan, Entrepreneur*
	"Culture is a kind of soft power, but we are not doing creativity blindly, the key is whether it can be translated into sales and profits. Good cultural design must be combined with market demand." -- Gan, Entrepreneur

Digital Transformation Experience	*"We used to do factory-to-customer, but now we sell cultural and creative products directly on Jitterbug. Digitalization allows us to bypass the intermediate links and reach consumers directly, and profits have increased a lot." ~ Jie, Designer*
	"The Mall Group developed the Yiwu Commodity City digital platform 'Yiwubuy' for us, digitizing millions of commodities online and realizing online display, negotiation and trading. This platform played a key role especially during the Xin Guan epidemic, allowing global buyers to learn about products and place orders even if they could not visit Yiwu in person." ~ Yue, Enterprise Merchant
Impact of "Belt and Road"	*"After the 'Belt and Road' initiative was proposed, especially from 2013 to the present, Yiwu's trade with countries along the route has grown significantly. The government has launched a series of supportive policies, including the construction of a comprehensive pilot zone for cross-border e-commerce and an international trade single window, making it easier for us to tap into overseas markets. The digital and cultural creative industries have also received more policy support and market opportunities as a result." ~ Wang, Deputy Secretary General*
	"After 2013, we obviously felt that there were more customers in Southeast Asia, and their acceptance of products with Chinese cultural elements increased.' One Belt, One Road' not only brings trade facilitation, but also promotes cultural exchanges, opening up new markets for our cultural and creative products. At the same time, the development of digital platforms allows us to interface with these markets more efficiently." ~ Cheng, Cultural Creator
Internationalized Southeast Asian Market Layout	*"We chose Malaysia as an important strategic market for our brand to go overseas, taking into account a number of factors: Malaysia is a multicultural country with a high proportion of Chinese, making it relatively convenient for language and cultural communication; it has a favorable geographical location and is a hub connecting countries in Southeast Asia; and the business environment is relatively mature with a well-developed legal system. These advantages have become even more obvious with the promotion of the 'Belt and Road' initiative." ~ Lou, President*
Cultural Adaptation Strategy	*"Although geographically similar, Southeast Asian countries differ greatly in culture, religion and consumption habits. For example, in Malaysia and Indonesia, which are Muslim countries, product design has to take into account Islamic cultural elements; in Thailand, gold and Buddhist elements are popular; and in the Philippines, product packaging needs to be more bright and lively." ~ Zhang, Entrepreneur*
Synergy Development Observation	*"Digital technology provides us with new design and marketing tools, while cultural elements give products their soul. The combination of the two is the only way to create competitive products in the international market.' Belt and Road' initiative, on the other hand, provides a broader stage for this combination." ~ Cheng, Cultural Creator*
	"The government's guidance and support has enabled the two forces of digitalization and cultural entrepreneurship to better integrate, producing a '1+1>2' effect. since 2013, this synergy has become even more apparent with the 'Belt and Road' initiative." ~ Chun, Secretary General

These interview excerpts provided a wealth of primary data, which laid the foundation for the subsequent systematic coding analysis. Through in-depth analysis of these primary data, we were able to identify the correlations and developmental strands among the research themes, and then construct the theoretical framework of this study.

3.3 Data analysis

This study used Grounded Theory analytical framework to systematically analyze the interview data through three stages: open coding, axial coding, and selective coding. NVivo software was used to assist the analysis process by extracting key concepts and themes, establishing logical relationships between concepts, constructing a theoretical framework, and generalizing cases.

The analytic process followed three steps: first, the interview transcripts were examined line by line using open coding to identify key concepts and phenomena. Next, axial coding was used to categorize these concepts into higher-level themes and explore their interrelationships. Finally, selective coding was used to identify core categories and to construct a theoretical framework that systematically explains the relationships between the identified categories.

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The validity and reliability of the study results were improved through triangulation (validation) of methods and data sources. The results of each coding stage were cross-validated by research team members to ensure the rigor and consistency of the analysis process. The final theoretical framework reflects the three core categories of cultural entrepreneurship, digital transformation and internationalization strategy and their interrelationships, providing a systematic perspective for understanding the evolution of Yiwu Small Commodity Market. Table 2 lists examples of some of the key codes cited in the main text, which are used to explain the coding process.

Table 2. Grounded Theory Coding Framework: Key Coding Examples Cited in the Text

Theme	Selective Coding (SC)	Axial Coding (AC)	Open Coding (OC)	Original Interview Data Examples
Cultural Entrepreneurship	SC-C1: Cultural Entrepreneurship Characteristics	AC-C1: Pioneering Spirit	OC-C1: Risk-taking Mindset	"Yiwu people don't wait for others, even with limited resources, they always try first"
		AC-C2: Trust Mechanism	OC-C2: Integrity Value	"The concept that 'credit is money' enables Yiwu market to stand firm in global competition"
	SC-C2: Cultural Entrepreneurship Practices	AC-C3: Value Enhancement	OC-C3: Cultural Integration	"In the past, we only did OEM production, now we develop products incorporating Chinese traditional elements"
Digital Transformation	SC-D1: Digital Transformation Path	AC-D1: Disintermediation	OC-D1: Channel Revolution	"We used to connect factories with clients, now we sell creative products directly on TikTok"
Internationalization Strategy	SC-I1: Regional Expansion Strategy	AC-I1: Location Selection	OC-I1: Strategic Choice	"Since the Belt and Road Initiative, we have chosen Malaysia as an important strategic market for our brand's overseas expansion"
		AC-I2: Functional Integration	OC-I2: Platform Comprehensiveness	""Yiwu Selection" is not just a showroom, but a comprehensive service platform"

	SC-I2: Cultural Adaptation Strategy	AC-I3: Difference Recognition	OC-I3: Cultural Difference Identification	"Southeast Asian countries are geographically close, but their cultures, religions, and consumption habits vary greatly"
Synergistic Mechanism	SC-S1: Core Mechanism of Synergistic Development	AC-S1: Culture-Technology Interaction	OC-S1: Integration of Technology and Culture	"Digital technology provides us with new design and marketing tools, while cultural elements give products a soul"

Coding Description: SC: Selective Coding AC: Axial Coding OC: Open Coding
Alphabetical prefixes: C-Cultural entrepreneurship, D-Digital transformation, I-Internationalization, S-Synergistic mechanism.
This table illustrates the three-level coding process in grounded theory analysis, presenting the path from raw interview data to theoretical construction through open coding, axial coding, and selective coding.

4.RESULTS & DISCUSSION

This study identifies the three core categories of cultural entrepreneurship, digital transformation and internationalization strategy and their interrelationships through the coding process of rooted theory, forming a theoretical framework for the synergistic development of "cultural entrepreneurship-digital transformation-internationalization strategy", with the Belt and Road Initiative (2013-2025) as an important background factor.

4.1 Cultural Entrepreneurship: Transformation of Business Value of Yiwu Spirit

The key attributes of Yiwu's business culture **[SC-C1]** include the spirit of pioneering and enterprising **[AC-C1]**, the logic of shrewd calculation, the sensitivity and adaptability to market changes, and the business mechanism of "low cost and high trust" **[AC-C2]**. These qualities together constitute the cultural foundation of Yiwu's transformation into a global commodities hub **[OC-C1]**, which enhances the efficiency of transactions and the stability of cooperation **[OC-C2]**.
The study found that Yiwu enterprises are integrating local cultural elements into product design **[OC-C3]**, realizing the shift from price competition to value competition **[SC-C2]**. The average selling price of products incorporating cultural and creative elements increases by about 40%, and profitability increases by about 30%. The transformation of cultural value is realized through three paths: modernization and application of traditional cultural symbols, story marketing and craft innovation **[AC-C3]**.
The "Belt and Road" initiative has provided a broader platform for Yiwu's cultural entrepreneurship and increased the recognition of Chinese cultural elements in countries along the route. Yiwu is transforming from mere commodity export to cultural brand export, forming a regional ecosystem of cultural entrepreneurship, and providing impetus for the transformation and upgrading of the small commodity market.

4.2 Digital transformation: reconfiguration of market structures and operating models

Yiwu Commodity Market is accelerating its transformation to the digital trading mode of on-line and off-line integration **[SC-D1]**, which is manifested in the omni-channel integration ("YiwuBuy" platform), data-driven decision-making and the rise of live e-commerce, realizing the de-intermediation [AC-D1] and the channel change **[OC-D1]**.
Digital transformation has strengthened the traditional "agglomeration effect" by the "network effect" of digital platforms, transforming the market from a mere trading place to a comprehensive service platform, promoting industrial chain reconstruction, shortening the supply chain, improving flexible production capacity, and lowering the threshold for entrepreneurship.

The Belt and Road initiative has accelerated Yiwu's digital transformation, with increased policy support and accelerated digital infrastructure construction between 2013 and 2025. Enterprises adopting digital strategies have reduced response time by 60-70% and increased inventory turnover by about 45%. Digital transformation is deeply integrated with Yiwu's business culture, and businessmen's adaptability and risk-taking spirit drive the iterative upgrading of business models.

4.3 Internationalization: Southeast Asian Market Layout and Cultural Adaptation

The establishment of “Yiwu Selection” in Malaysia in 2023 marks an important progress in Yiwu's internationalization strategy **[SC-I1]**. The selection of Malaysia is based on the factors of multicultural background and high proportion of Chinese **[AC-I1] [OC-I1]**, and “Yiwu Selection” serves as a comprehensive service platform **[AC-I2]** to provide product display and trade docking functions **[OC-I2].**

Yiwu enterprises focus on the cultural adaptation of products **[SC-I2]**. Although Southeast Asian countries are geographically similar, but the cultural differences are significant, enterprises through the difference identification **[AC-I3]** targeted adjustment of product design and marketing strategy **[OC-I3]**. The repurchase rate of the localized products increased from 15% to 30-35%, and the cost of customer acquisition was reduced by 35-40%.

The “Belt and Road” initiative has enhanced the competitiveness of Yiwu products in Southeast Asia through infrastructure connectivity, trade facilitation and tariff reduction. Yiwu enterprises have innovatively applied the fan economy model to develop the Southeast Asian market, including cultivating local online celebrities and opinion leaders, creating emotional connections and identities, enhancing consumer stickiness through cultural resonance, and making full use of social media platforms to expand brand influence, which has increased the repurchase rate of customers by about 60% and boosted profitability by about 40%.

4.4 Mechanisms for synergistic development of cultural entrepreneurship, digitization and internationalization

Through axial coding and selective coding, this study analyzes the relationship between the core categories, constructs a synergistic development mechanism model for the three major transformation paths of Yiwu Small Commodity Market, and takes the Belt and Road Initiative (2013-2025) as an important contextual factor running through the three paths.

Based on the systematic analysis of the interview data, Table 3 shows the perceptions of different groups on the relationship between the paths, reflecting the professional perspectives: designers focus on cultural entrepreneurship, entrepreneurs focus on digital transformation, representatives of the Chamber of Commerce focus on internationalization strategy, and cultural consultants focus on the integration of the three paths, as well as reflecting the impact of the Belt and Road Initiative on the three paths.

Table 3. Relationship Recognition Matrix Between Core Categories (Percentage)

Relationship Path	Chamber Representatives	Entrepreneurs	Designers	Cultural Consultants	Average
Cultural Entrepreneurship → Digitalization	65%	72%	85%	78%	75%
Digitalization → Cultural Entrepreneurship	58%	68%	82%	75%	71%
Digitalization → Internationalization	82%	90%	76%	70%	80%
Internationalization → Digitalization	75%	85%	68%	62%	73%
Cultural Entrepreneurship → Internationalization	80%	75%	88%	82%	81%
Internationalization → Cultural Entrepreneurship	70%	65%	80%	78%	73%
Belt and Road → Cultural Entrepreneurship	85%	70%	68%	75%	75%
Belt and Road → Digitalization	78%	88%	65%	70%	75%
Belt and Road → Internationalization	92%	85%	75%	80%	83%

Note: The percentages in the table represent the proportion of interviewees in each group who mentioned and acknowledged the specific relationship path, based on the coding analysis of interview content.
Table 3 illustrates the recognition levels of interrelationships among cultural entrepreneurship, digitalization, internationalization and the Belt and Road Initiative across different stakeholder groups, highlighting the strong consensus (71%-83% on average) on these synergistic mechanisms that drive Yiwu's market transformation. Figure 1 reflects the framework of the synergistic development mechanism of the three paths in the context of the Belt and Road.

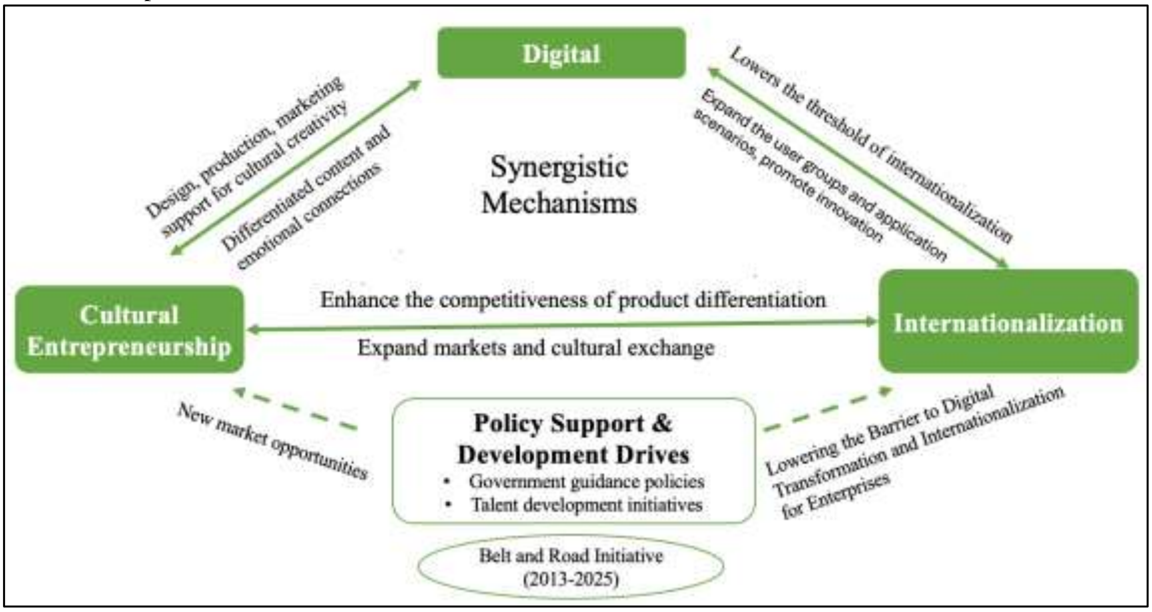

Figure 1. A synergistic institutional framework for cultural entrepreneurship, digitization and internationalization in the context of Belt and Road

5. CONCLUSION

This study explores the evolution of Yiwu Small Commodity Market through cultural entrepreneurship, digital transformation and internationalization in the context of "One Belt, One Road", and draws four main conclusions: cultural entrepreneurship has realized the transformation from price competition to value competition, and increased product profitability by about 30%; digital transformation has restructured the market operation mode and improved transaction efficiency by 60-70%; Southeast Asian expansion reflects the evolution from product exports to brand building of the "go out" strategy; and the synergistic mechanism of the three paths has become the key driving force for the sustainable development of Yiwu Small Commodity Market. From product export to brand building; the synergistic mechanism of the three paths has become the key driving force of Yiwu's sustainable development.
At the theoretical level, this study enriches the theory of cultural entrepreneurship, revealing the mechanism of collective cultural entrepreneurship; deepens the theory of digital transformation, showing how the traditional agglomeration effect can be enhanced by digital technology; expands the theory of internationalization, showing how the traditional county economy can realize the globalization layout; and constructs the synergistic development model of "Culture-Digital-International", illustrating the relationship of the three major paths to mutual reinforcement.
On the practical level, the study reveals that the activation and transformation of cultural capital [AC-C3] can realize economic value; digital transformation needs to be promoted as a whole to realize the cluster effect; internationalization needs to take into account both standardization and localization [SC-I2] [AC-I3]; and the combination of government guidance and market innovation can form a regional collective entrepreneurial ecosystem.
There are methodological, sample, time and geographical limitations in the study. Future research directions include conducting cross-regional comparative studies, developing a quantitative indicator system, studying the impact of emerging technologies, tracking the long-term impact of the "Belt and Road", and studying the protection and innovative use of cultural resources.
Yiwu's experience shows that regional economic transformation requires synergy between cultural resources mining, digital technology application and global market development. The "Belt and Road" initiative provides a historical opportunity for transformation, enabling Yiwu to combine its traditional

trade advantages with modern development factors, and providing a reference for enhancing regional competitiveness in the context of globalization.

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