



Peer Reviewed Referred and
UGC Listed Journal
(Journal No. 40776)



ISSN 2277 - 5730
AN INTERNATIONAL MULTIDISCIPLINARY
QUARTERLY RESEARCH JOURNAL

AJANTA

Volume-VII, Issue-IV
October - December - 2018

IMPACT FACTOR / INDEXING

2018 - 5.5

www.sjifactor.com



**Ajanta
Prakashan**

14. Challenges and Opportunities in Food Truck Business in India

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The Food Truck concept is relatively an upcoming trend in India which is already an established trend in the West food business space. Food is an intrinsic part of the culture of a destination and its people. Food holds a very important position in everyone's life whether one is in India or overseas. The street food scenario is mostly pictured in our minds in the form of small stalls which dot the roads. These are the places bustling with people enjoying the fare, served standing and satisfying the eternal foodie hidden in them. Demographic representation is in the form of all age groups who participate in this activity in India. Each locality has these special food lanes which are the pull factor for street food consumption.

Food Truck business is one of the trending businesses all over the world. According to the National Restaurant Association Report, the projected growth in revenue is at an encouraging 3.7% year on year growth in the next 5 years. This concept, in the restaurant space which is evolving is likely to generate \$2.7 Billion in revenue. The major plus point of this business is its very aspect to be mobile. The food truck entrepreneur can travel all over and make his or her products available by posting their next location on social media. Customers can plan accordingly and enjoy the food of their choice at their chosen place and time.

The Food Truck business dates back to ancient times when street vendors sold food in the ancient city of Rome from carts made of wood. Today's food trucks are transformed from serving simple street food to a variety of different ethnic and modern cuisine. Millennials, are the most attracted to these food trucks and value simplicity, decent, affordable pricing to mouth watering food. Their whole idea is to consume healthier options of food and to explore the history behind the conception of a food truck. The mobile food idea is popular in all Indian Metro cities and finding its feet in tier two cities like Pune and Ahmedabad. This format of this food and beverage business gives the owners access to multiple locations at a start up capital that will be always lower than that required for opening a restaurant.

There are two principal types of Food Trucks currently operating in India:

- (i) Mini trucks which are seen serving small snacks, limited branding and need smaller space for operation
- (ii) Restaurant in business or bustaurants or double-decker buses converted to eating space.

This moving bus is a joint venture of Maharashtra Tourism Development Corporation (MTDC) and the moving cart company in Mumbai. There is also one such bus in Chennai.

If the food truck model is to work, an entrepreneur has to be aware of the following, for the launch of the food truck venture:

- (i) **Market Study:** Every City has its own taste and preferences. What is liked by your prospective customers has to be the main thing on the menu card.
- (ii) **Legal requirements:** Permissions and Licenses are to be applied and sought from the local regulatory bodies to start a legitimate business.
- (iii) **Money Management:** A budget has to be fixed and worked out well on paper with a proper break-even analysis as the profit cannot be guaranteed within the initial period of starting the business
- (iv) **Commercial Vehicle or Food Truck:** It is important to analyze the capacity of the vehicle. For example – 18 feet long brand-new vehicle will cost Rs. 7 to 8 Lakhs. There is an option of buying a second-hand vehicle which can potentially save almost Rs. 3-4 Lakhs. A proper check of registration, proper fitness certificate, taxes due, road revenue paid receipt and insurance is a must. A light commercial vehicle is ideal for metro cities as traffic is always a problem.
- (v) **A Well Thoughtout Menu:** Menu should be attractive and concise in the beginning preferably having newer items. It may bring in less profits in the beginning, but menu diversification is always an option to strengthen an already established customer base.
- (vi) **Honest pricing:** Initially pricing has to be competitive. Once established, customers will be willing to pay for the value that they see in the product.
- (vii) **Strong Social Media Connect:** In today's times one needs to catch the pulse of the customer. Time and money have to be invested in creating a website dedicated to your food truck. Investing in building a strong customer following and being in your face of the customer is important.

- (viii) **Methods of payment:** Payment options should be optimal. One should never lose a customer with limited payment options. Food truck venture should allow multiple modes of payments.
- (ix) **Raw Material:** There is a great demand of food items that are from farmer's fresh produce. New age customers want organic food. These can be procured from growers directly and good idea would be to buy stock every day and then once the demand becomes more predictive and stable, study ordering pattern can be implemented.
- (x) **Sturdy Equipment:** Equipment needs to be customized as per your requirements which poses a purchase investment but later will not have maintenance or mechanical issues. Service is easily available which is why it is important to choose equipment prudently.
- (xi) **Manpower:** Manpower has to be organized well. Well trained staff meet the needs of the customer. Customer handling and soft skills training would give the staff the added advantage.

Common Challenges faced by Food Truck Owners

- (i) **Location:** In India, due to non-clarity of the rules and regulations or planning, dedicated place to park the truck is a challenge. Local support and permissions are always a big issue.
- (ii) **Climatic Conditions:** One can be in control of internal factors inside the food truck but cannot control external factors. Weather can be a hindrance and one must have alternatives ready of how to conduct the business in case of unfavourable weather.
- (iii) **Local Government:** Local Municipality and local officials may need to be dealt with constantly. Making sure that one has all the necessary approvals and consents to run the business will ease this challenge.
- (iv) **Parking:** Absence of parking space is a major impediment in running the food truck business.
- (v) **Limited Storage of Raw Material:** The storage and refrigeration facilities in the food truck are definitely limited than a regular restaurant. Over and under ordering may happen leading to wastage or unfulfilled demands of customers. The key is to study the pattern of sale and stock raw material accordingly.

- (vi) **Licenses:** Licensing is not clearly defined for the food trucks, but it is necessary to procure basic licenses such as FDA license. NOC from Traffic police department, fire license, insurance, FSSAI Mobile vendor license and RTO NOC.
- (vii) **Initial High Investment:** The investment to be made in this venture is slightly higher than the regular quick service restaurant. Having said that, the overall operational cost of doing business is less than a regular restaurant in the long run.

Opportunities in the Food Truck Venture

- (i) **Collaborative opportunities:** Food truck presence helps local restaurant food business. Many restaurant owners have reacted positively to food trucks as collectively they can join hands and fight against the rigid regulations which restrict the growth of the industry as a whole. Food truck bring people outside of their offices, helping restaurants in turn to attract customers. Banning food trucks from the area where they are operating harm the restaurants in and around as people do not frequent those areas more. Food truck presence brings in new customers as people are inquisitive of the same. This automatically brings business for restaurants.
- (ii) **Expansion of current business:** Food Trucks are being launched by the business owners who are opening them as an extension of their restaurant business. Expansion like this increases customer base, revenue and in turn is profitable for the restaurant's physical location.
- (iii) **Brand Recognition:** Food truck business provides instant brand recognition and excellent advertising for the parent restaurant. The food truck has a limited menu and if people savour that, it will drive them to come to the main restaurant, thereby boosting business.
- (iv) **Ideas for new restaurant:** Many chefs start food trucks which need relatively lesser investment. If they are successful, they turn to launching new restaurants. Food trucks are new ideas for launch of new restaurants.
- (v) **Food Truck Mobility – An Advantage:** Food truck mobility gives an opportunity to serve customers throughout the city and serve menus according to the meal times , boosting the business.

- (vi) **Popularizing traditional food:** India has variety of traditional food. From one state to another state, there is different traditional food that one can taste. Local food of a destination can be popularized through a food truck which in turn boosts food tourism.
- (vii) **Bustaurants:** Bustaurants can serve as mobile catering units for functions or at destination fun events. It is a unique way to serve food for birthday parties, wedding catering etc.
- (viii) **Ethnic fusion concept:** Ethnic food is increasing in popularity. This concept aims at combining two distinct ethnic cuisines into dishes that appeal to a wider audience.
- (ix) **Future trend in Food Truck:** Along with food, a liquor license can be formed under local and state laws and collaboration with the local drink bar to start a drink and dinner package.
- (x) **Participation in events:** Food truck festivals and local event participation would help popularizing food trucks. Preparing a food truck calendar for future events will also help customers to look forward to more options and choice.

It is clear and apparent that the food truck business has a lot of potential to grow. With the awareness and media attention, this venture will only grow exponentially. With the real estate cost going up significantly all across the country, food truck is an extremely viable option for new entrepreneurs to start something on their own.

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