

# A Study of Food Truck Business in Pune City

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## Abstract

The food truck business is becoming popular among the youngsters and many entrepreneurs from varied background are venturing into it. Food trucks seems to be promising option for those who want to start a new food business but doesn't have sufficient capital for the brick and mortar type of set ups. This study has attempted to find out standard operating procedures of the food trucks in Pune city. The various laws and regulations to be followed and the marketing strategies adopted to attract the customers is studied as well.

**Keywords:** Food Truck, Standard Operating Procedures, Marketing Strategies

## AIMS & OBJECTIVES OF STUDY

- To study standard operating procedures of food truck.
- To study rules & regulation, laws related to food truck.
- To find out marketing ideas and strategies adopted by existing food truck owner.

## INTRODUCTION

'Food Truck' is a customized mobile kitchen for fast food so it is also known as mobile kitchen. Food Truck business can simply be classified as restaurant on the go. It is essentially a large truck that is equipped with the necessary gadgets to cook & conventionally sells food.

A mobile kitchen concept has been around since ancient time when street vendors in ancient Rome sold food to public from wooden cart. This business is now becoming very popular especially in metro cities in India. Food truck

industry has experienced a remarkable growth over the past five years and loads of people are falling in love with food truck because it saves time and money. It is one of the fastest growing sector of food service industry. Devendra Fadnavis, CM of Maharashtra has declared that to promote the food truck business, he is planning to cut down the number of permissions required and will have a single window scheme for the ease of the processing. Food trucks can be more popular at tourist places and office areas. Its a good business opportunity for woman self help groups.

Food truck is an international trend which is catching fast in India. All the metro cities, Delhi, Mumbai, Pune, and Bengaluru etc. are flooded with Food Trucks. This is a good alternative for street side vendors where novelty of food is available at cheaper rate. Food trucks are catching fast and shaping the gastronomic fabric of the country.

Globally the food trucks peddle their way on the wheels selling the food through the streets, it's not possible in India because of traffic, insufficient parking space, lack of hygiene and sanitation. As there are no clear guidelines on cooking and serving the meals from a vehicle, food truck owners have to face harassment by the residents and local police. The food truck owners are getting business in techparks, private drive ways or near wedding venues.

There are many examples where food trucks served the food during the functions. In smaller places they have better scope because of less or no competition and novelty. In Pune, there is a double decker bus which is been converted into a food truck with a seating area on the top. In Ahmedabad, auto has been converted into a food vehicle. First of its kind, food truck festival was organised in Jawaharlal Nehru stadium on 14-15 April 2017. The booming popularity of food trucks among the locals led to organizing this festival.

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One good thing about food truck business is that it is far cheaper to start and operate when compared to the usual restaurant business with fixed location. But sometimes there is a need to recreate and re-strategize to reach out or attract more customers. Creativity is the key to survive in this industry.

For the last several years, the food truck has seen many changes. The menu which is been served has changed a lot. Regional cuisine is the most preferred one. International cuisine is also becoming popular among the food truck menus.

The food trucks are amazing because they are typically operated by chefs or those who are keen in cooking. Chefs are bringing gourmet food to the street. Another great part about the food is variety. There are number of food truck that serve biryanis, kathi rolls, egg preparations, burgers, waffles, Chinese etc. The food is amazing and at the same time very reasonable. Its not only the individual entrepreneurs, but many hotels have also come up with

the idea of food truck parked outside the hotel. J.W. Mariott has a food truck parked inside the premises. Hotel Way Down south in Baner also has a food truck in their premises. Hotel Lalit in Delhi operates Lalit Foodtruck.

According to NY times, the entire food truck industry can be traced back to the year 1872 when walter scott, a vendor parked his covered wagon in front of local newspaper office. Having pre-cut windows in the wagon, he sat on the inside box & sold sandwiches, pies, coffee to the newspapers hardworking journalist.

With the growing popularity of food trucks in the United States, some people tend to believe that the concept of mobile food is a recent invention. But street food has been a part of the American dining experience since the 17th century and has evolved from chuck wagons and push carts to trucks. But modern food truck craze started in 2008 in Los Angeles, the selling food out of a moving vehicle came 100 years ago.

### Brief History of food truck

| <i>Year</i> | <i>Description</i>                                                                                                                                                              |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1691</b> | New Amsterdam (now known as New York City) begins regulating street vendors selling food from push carts                                                                        |
| 1850        | Dining cars begin feeding cross country train passengers.                                                                                                                       |
| 1866        | The Chuck wagon is invented by Charles Goodnight to feed cattlemen and wagon trains traversing the old West.                                                                    |
| 1894        | Sausage vendors sell their wares outside the student dorms at major eastern universities (Yale, Harvard, Princeton, and Cornell), and their carts became known as “dog wagons”. |
| 1917        | The US Army mobile canteens (field kitchens) begin to feed the troops.                                                                                                          |
| 1936        | Oscar Mayer rolls out the first portable hot dog cart The Weiner Mobile                                                                                                         |
| 1950        | Ice cream trucks begin selling their frozen treats.                                                                                                                             |
| 1974        | Raul Martinez converted an old ice cream truck into the nation’s first taco truck and parked it outside of an East Los Angeles bar.                                             |

### Reasons for Popularity of Food Trucks over Regular Hotel Business

- Food business is all time hit business.
- Starting a food truck business eliminates the need to rent a shop or store and thus saves money for annual rent, renewal and monthly recurring power bill.
- The mobility of the food truck business gives the advantage over fast food stores, shops or restaurants where one has to wait for the customers to visit. Food trucks can visit to the customers giving a winning edge over the restaurants.

- A very peculiar service where the food is served at the doorstep to the people who are running short of time.

### LITERATURE REVIEW

“Leadem R.” (13 May 2017) commented in her article that Today, food trucks are the fastest-growing channels in the food service industry. In 2012, food truck revenue was \$650 million but Today, food truck revenue has reached a w \$2.7 billion.

- “Reagaudie T.” (17 Jan. 2018) suggested in her article that Before begin to design your food truck, make sure you know which licenses you need to run your food truck in your city. You can take your design plans to your local government for review before you execute them. She also commented in her article named which app you should use that ‘Truckily’ is a free app it simultaneously updates your Facebook, Twitter, trucks locations as you move within your area.
- “Alfiero S.” (22<sup>nd</sup> March 2017) she explains in her research paper about food truck phenomenon in street food service there are two categories one is TFT (Traditional food truck) & another is GFT (Gourmet food truck). In this paper she compares between both.
- “Daciuk E.” (18<sup>th</sup> Jan 2018) has explained in his article that how food trucks are in demand. Many entrepreneurs enter into the food truck business just because of running a food truck is much easier than running a full-service restaurant.
- “Bradwy C.” (26<sup>th</sup> Dec. 2016) explains in his article that there are some golden reasons why people love the food truck industry today. Because All of the Amazing Foods & because they are affordable yet taste amazing.
- “Fainblum A.” (16 June 2017) suggested in his article that It’s summer and this is your food truck’s

time to shine. You’ve dedicated lots of time and money toward your truck, so make sure it gets noticed. Don’t just park your truck at the nearest vacant spot you see. Decide how far you’re willing to drive, what events you want to attend, and how you’re going to stand out from your competitors.

- “Delaware B.” (24<sup>th</sup> Feb. 2015) has commented in his article that modern food truck provide a variety of gourmet options for cheap. Recently mobile cuisines has gained respect & become popular because it provide quick, inexpensive food on the road.
- “Maqsood Z.” (21<sup>st</sup> March 2015) has commented in Hindustan times article that a new phenomenon in our country, which has been known for its excellent street food served on thelās but now food truck offers a quality experience. He has also stated the difference between Chinese food van & speciality food truck which serves hygienic gourmet fast food.
- “Newman L.” (2<sup>nd</sup> March 2017) has commented in his paper that, Television shows, food truck events, battles in food truck reality shows have helped to popularize & glamorize food truck industry.

## Methods of Data Collection

*Primary Data-* Qualitative data was collected from the food truck owners through the structured interviews.

*Secondary Data-* Internet, magazines, blogs etc.

## DATA ANALYSIS & DATA INTERPRETATION

### Responses of the Existing Food Truck Business

| NAME                | LOCATION          | COST FOR TWO | CUISINE              | TIMINGS             |
|---------------------|-------------------|--------------|----------------------|---------------------|
| Henny’s Gourmet     | Salunkhe vihar rd | 300          | Dessert              | 7.00 pm to 11.00pm  |
| Burgerton           | Wanowrie          | 350          | Burger               | 6.00 pm to 11.00pm  |
| Boston              | wakad             | 300          | Fast food            | 5.00 pm to 11.00 pm |
| Cheese truck        | Viman nagar       | 280          | Fast food            | 6.00 pm to 11.00pm  |
| Buddhas food palace | NIBM rd           | 400          | Thai                 | 6.30 pm to 11 pm    |
| Bread Spread        | Karve Nagar       | 300          | Fast food            | 6.30 pm to 11 pm    |
| L’Dorado            | Baner             | 350          | Fast food & Desserts | 6.00 pm to 11.00pm  |
| Breaking bread      | Aundh             | 500          | Fast food            | 6.30 pm to 11.00pm  |

Existing food trucks owners across pune were interviewed as part of this research to understand the existing way the business is been done.

The following questions were asked to the owners of above food truck.

1. Why you chose food truck business instead of food truck business?

2. What are the pre-requisitions for opening food truck?
3. What all licenses & permits required to start a food truck?
4. What things you kept in mind while designing a menu?
5. Are you aware of your competition?
6. What is your USP?
7. What are your marketing Strategies?
8. How long you have been in this business?
9. Are you happy with your business?
10. What kind of customer visit frequently?
11. What changes according to you will increase the business further?

## RESPONSES OF THE EXISTING FOOD TRUCK BUSINESS

Low investment, easy maintenance are the main reason quoted by the majority of respondents for venturing into the food truck business. Few of the respondents started the food truck as passion. Majority respondent said that the profit margins are better as compared to typical regular restaurant. Mobility as per the response is another factor which motivates the entrepreneurs. High level of skills are not the prerequisite. Unique products, driving skills are enough to start the business. 80% believe that knowing the current trends help to decide the products to be sold and achieve the profits better.

Things you need for start-up - Majority of them explained it in these points-

- Location
- Equipments
- Manpower
- Finance / Funding
- Vehicle
- Designed Menu

Licenses & Permits required-

- Fire safety certificate
- Shop act license
- NOC from RTO & PMC

- Vehicle papers
- Commercial vehicle license
- FSSAI mobile vendors certificate
- Shop back license agreement
- Vehicle insurance

Once obtained all these licenses & permits check out the following points-

- Parking spot
- Parking expenses
- Marketing strategies
- Social media / website set up/app
- Other Essentials-
  1. Plastic wares
  2. Disposable glasses , plates
  3. Containers for home delivery
  4. Bags which contain your logo
  5. Cups & straws
- Cleaning products
  1. Hand wash
  2. Dish washing soap
  3. Paper towels
  4. Duster
  5. Hand Sanitizer
  6. Air freshener
  7. Hand Gloves
  8. Trash bags
  9. Mop
- POS System
  1. Cash drawer
  2. Receipt printer
  3. Credit card processor

60% respondents used trial & error method while deciding a menu. Majority of them suggested that one needs to study every day that which menu gives more revenue. There are variety of menu can be included. 80% of them

said that one can always play with the menu list as season changes. They shuffle / change their menu once in a month & also try to take suggestion, feedback from customers.

75% entrepreneurs are aware of competition. Many of them said that one should be aware of direct & indirect competitors. Before getting into this business they carefully did research in market like other local food trucks menu, location, offers etc. There are different zones for the food trucks in Pune. The menu served by them is different. Hence, there is no fierce competition among food truck owners in Pune yet.

60% of them said that their USP is their dishes & the way of presenting it. In some cases they are proudly serving regional cuisine in particular area. Like Buddhas palace is the only one who serves Thai food in that particular area. 20% of them said that they have hired employees who are qualified & capable of performing their job with friendly face even under pressure. 20% of them are managing work by themselves. As per research observation they have much aggressive focus on marketing part of the business. In order to design marketing strategies they start by doing some market research first. Look into menus & offering of other local food truck. By finding out what is missing you will be looking for inspiration. To bring in more customers & make more money, consider varying your menu seasonally. Majority of them are using mobile apps, offer mobile payment & mobile ordering option. In the fast food world mobile ordering is huge trend. 80% of them using social media as a platform, they are using Facebook, twitter as publicity tool. Few of them think that ambience is more important than anything else. Few of the food truck business still goes with conventional marketing strategies like word of mouth, tie up with online food deliveries like zomato, food panda. People naturally get attracted to colorful design & good music so they used it as a tool to attract them. So they are using unique ideas & taking their marketing plan & business network to next level. Another suggestion to increase the sales was about creating a brand by

- Target journalist who covers/writes on food truck industry.
- Tie up with popular food magazine.
- Attend food truck festivals.

Many of them have been in this business by 4-5 years. Few of them continuing it as part of their family business. 50% of them started this business in last 2-3 years. As

per research observation almost all of them were happy with their current sales, except 1 or 2 who are in fast food business said that online food ordering is a threat to their business.

Majority of customer who visit are in the age group of 20-35yrs. Customers demography is relatively young.

What changes according to you will increase the business further? The answer on this question was – Considering taste as a fixed function many believe aggressive promotion would increase the business. Few said location plays an important role, presence at the right location can increase the business. 8% of them were planning to shift their location to densely crowded area.

## CONCLUSION

Food trucks aren't a new business idea, but there is still tons of opportunity. With unique products and meeting it with the demand of the customers, food truck can be very popular. Many food trucks in Pune have structured marketing strategies to attract the customers and boost their sale. Technology and hygiene if integrated with the current food truck business can have a bright future.

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