

KARELIA UNIVERSITY OF APPLIED SCIENCES  
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CRITICAL FACTORS BEHIND SUCCESS AND FAILURE OF  
SMALL BUSINESS: A Study in Food Truck Industry in Finland

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**Abstract**

This research aims to identify strategic elements that contribute to the success and failure of a small business in the food truck industry in Finland. The research is conducted to guide administrative procedure for foreigners to establish a food truck in Helsinki and to learn about critical factors that drive a business to success or failure.

The research uses the qualitative method with primary data from interviews and non-practical observations from the samplings group of nine samplings from six food truck. Data then is analyzed with thematic and content analysis approach. The research is internal consistency and has a limitation in non-random sampling approach and limited reference sources.

The research results have answered the research question and show crucial factors from people, operation, marketing and finance and its related issues that can drive food trucks to success and failure. In particular, staffs and managers were expected differently in knowledge, skills and experience. Operation speaking, proper preparation and management system, low fixed cost and active customer service are suggested for implementation. There is a recommendation on product quality, menu, pricing strategy and serving location. Offline marketing channel and a secure finance resource and plan were also highly appreciated.

Future research ideas were also mentioned at the end of the research. The research results are beneficial for both students and anyone who is interested in the food truck industry in Helsinki.

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**Keywords**

SME, food truck, Helsinki, success, failure, critical factors

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## 1 INTRODUCTION

According to The World Bank (2018), Finland is ranked 13th among 190 economies in the ease of doing business. This high position was explained by continued effort and support from government and related authorities. This fact results in an ever-growing number of foreigners starting up and doing business in Finland.

Back in the past, the food truck business has a long history. It was claimed that the first form of a food truck (pushcart) appeared on New York City streets since the 1600s. By 2008, this business model started to expand and become a global phenomenon. However, this business service is still a new service type in Finland. Plenty of food truck business at Helsinki market squares and streets carry the imprint of the diverse and colorful culinary culture from corners of the world to Finland.

A food truck is defined as "a mobile kitchen, canteen, or catering truck that sells food or drinks" (Phillips 2012). City of Helsinki labels food truck as:

"A food truck is a mobile trading stall that does not have its permanent area. Instead, the idea is that the food truck carries with it all that it requires to do business, takes away all possible waste and similar and leaves nothing but satisfied customers behind" (City of Helsinki 2019).

The thesis subject is primarily motivated by personal interest as the author intends to open a food truck business in Helsinki, Finland soon. The notion of being a foreigner and entrepreneur simultaneously is indeed an inspiring idea. Nevertheless, the question of survival, growth and failure elements of small business forces the author to carry out this research not only to support author's own future business but also to help other foreigners turning their business idea into reality, from the beginning of the establishing process to the growth stage and success later.

## 1.1 Focus

Throughout this study, the primary focus lays down on small business size, food truck sector and business environment in Helsinki, Finland. In details, regards business size, the thesis focuses on elements affecting the success and failure at a micro and small level. Large corporations, contributed by its legal structure, financing condition, working environment, and many more factors, may face challenges and opportunities that differ from small ones.

Secondly, geographically speaking, establishing a business process focuses on Finnish laws and Helsinki city regulations. Municipalities have their business environment, regulations and support. Lastly, the primary industry discussed in this thesis is the food truck business. Restaurant and food industry are considered at a general level and viewed as a reference point.

## 1.2 The significance of the study

The purpose of the thesis is to identify strategic elements that contribute to the success and failure of a small business in the food truck industry in Finland. The thesis aims to answer the question: **What are the key factors food trucks need to pay attention in order to succeed and prevent failure?**

Hence, the research plays an important role not only for the author but also for the particular business industry. First of all, by carrying the research, the author sharpens her knowledge of critical factors contributing to business success and failure. With this understanding in mind, the author can focus on improvable business factors and avoid common mistakes that drive business to failure. This core insight is valuable for the author's future career development, regardless of her status as an entrepreneur or an employee.

Secondly, the research fulfills the gap in the market. Among a considerable amount of studies providing foreigners practical guide to establish a business in Finland and success and failure factors in SME or the restaurant industry, none

focuses on food truck sector. As a result, the research outcome is expected to bring a fresh breath of air into this modern business sector.

### **1.3 Structure**

The thesis begins with the introductory chapter, which presents research motivation, history of the food truck industry in Finland, research's primary focus, the significance of the study and structure of the thesis. Later, in the theoretical framework, the thesis highlights literature reviews with relevant studies in fields by identifying the definition and significance of SMEs together with a list of factors affecting success and failure of small business in the food truck industry. A brief description of the current market situation, summary of regulations, administrative process and available support for foreigners establishing a food truck business in Helsinki is also presented. The next chapter introduces the research problem and objective, the purpose of the study and research questions.

Under the fourth chapter, the research design is described, including chosen research methods and target group. Additionally, the chapter explains the methods used to gather data and analysis of primary and secondary data. The outcome of the research is shown in chapter 5. Last but not least, suggestions and further research recommendation are also addressed.

## **2 FRAMEWORK FOR THE THESIS**

### **2.1 Micro, small, medium enterprises (SMEs) – cornerstone of the economy**

Under this section, two topics are discussed, including (1) the differences in SMEs definitions across countries and intuitions and (2) the vital role of SMEs in the economy.

### 2.1.1 SMEs definition

Across countries and industries, there are numerous approaches to define and categorize an enterprise that does not fall into the group of large enterprises. Berisha & Pula (2015, 18) revealed that even referring the same group/class of business, terms as "small business", "small and medium enterprise (SMEs)" and "SMEs" were used interchangeably sometimes and favorably by authors and institutions. Nations have regulations and lists of criteria defining the business size, in which different conventions are used. There is no general definition for standard SMEs as it is relatively associated with the domestic economy (OECD 2017, 4).

Table 1. Distribution for MSMEs based on the number of employees varies across countries (Source: OECD 2018).

Name	Microenterprise	Small Enterprise	Medium Enterprise
Australia	1-4	5-19	20-199
Belgium	1-9	10-49	50-249
Columbia	1-10	11-50	51-200
Denmark	1-9	10-49	50-99
EU Recommendation	1-9	10-49	50-249
Russia	1-15	16-100	101-250
The USA	0-9	10-99	100-499
Turkey	0-19	20-49	50-249

According to the EU Commission Recommendation 2003/361, micro-sized enterprises are defined for firms that not exceeding 10 employees and either turnover less than 2 million euros, small enterprises are defined as enterprises that were not exceeding 50 people employed with either annual turnover or annual balance sheet total did not exceed 10 million euros (EU Commission 2003). Even though this definition is recommended and widely applied; EU members and other countries have their definitions (see Table 1). EU recommendation regulation is "only mandatory for institutions and businesses seeking funding from it" (Carter & Jones-Evans 2006, cited in Berisha & Pula 2015, 20). In Finland, besides these above criteria, enterprises also need to be independent enterprises.



“Independent enterprises are enterprises of whose equity or voting stock 25 percent or more are not held by one enterprise or jointly held by such enterprises to which either the definition of an SME or of a small enterprise cannot be applied depending on their circumstances.” (Statistics Finland 2018)

Under the frame of the thesis, firms are categorized as micro, small and medium based on the EU Commission Recommendation stated above.

### **2.1.2 The importance of micro, small and medium enterprises**

Globally, the employment share of SMEs ranges from 50 to 70% in all regions, in which observes the highest share in OECD economies, South Asia, the Middle East and North Africa, Europe and Central Asia (Gonzales, Hommes and Mirmulstein 2014, 3). According to OECD (2017, 9), in all countries, the large percentage of enterprises (approximately 70 to 95%) are micro-sized enterprises. In the EU-28, non-financial business sector, statistics in 2017, about 99% of enterprises are micro-sized and small, generating 60 billion jobs and contribute a total of 2.8 trillion euros value added (Eurostat 2017).

Particularly in Finland, Federation of Finnish Enterprise (2018) has shown the statistics in 2016, in total of 283 563 enterprises (excluding agriculture, forestry and fishing industry), of which 98.8% are MSEs (i.e. business with less than 50 employees) and 93.3% Finnish companies (i.e. 264 519) are micro-sized companies with less than 10 employees. Figure 1 illustrates that micro-size and small enterprise contribute to 38% of total national turnover in Finland and responsible for about 16% of export revenue. (Statistics Finland 2016 cited in Federation of Finnish Enterprise 2018).

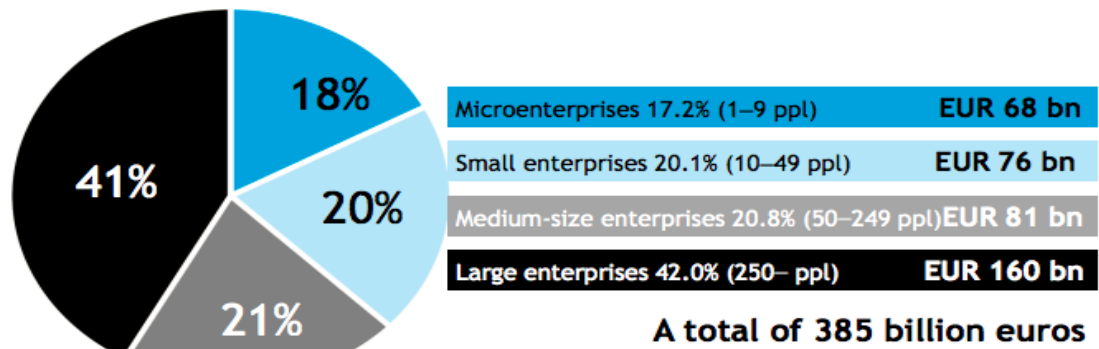


Figure 1. Turnover in different-sized business in 2016 (Source: Statistics Finland 2016).

In summary, SMEs play a crucial decisive role in economic development as its performance has a strong tie with the national economy and job creation. A healthy SMEs environment boosts the national economy, creates jobs, contributes to valued added and innovation (OECD 2017, 6-7).

## 2.2 Success and failure in SMEs

Success and failure appear to become the most common phenomena in the business sector. A study of Dess and Robinson (2018) showed that regardless the absence of clear definitions, success and failure still appears in many empirical types of research as a measurement for organizational performance (see e.g. Chambers and Gold 1963, Potts 1977, Smith 1978). As success and failure are about business measurement, there is a need for criteria, which contribute to its reference frame.

Holding a strong relationship, success and failure factors affects each other. A not-successful business is not equally a failure business but limited success factors. Under this section, the definition of success and failure is provided, together with theories about influential factor behind success and failure business.

### 2.2.1 Success and failure: definition, measurement and criteria

- **Success**

There is no single agreed-upon definition of success in business. Most of the time, success and failure appear in studies with lack of specific definition. Together with Foley & Green (1989), Lucky, Olusegun and Muhammad (2012) state business success is the ability of the business to achieve its stated goals and objectives, which is not precisely and clearly defined. Hence, any business must define its objectives before evaluating its performance as successful or not. While there is no right or wrong on how a business defined its success, the measurement should focus on criteria that they could control (Lucky et al. 2012). There is a wide range of indicators for business success — which will be discussed in more details in the next paragraph.

Scholars define success was a complex phenomenon and imply multiple financial and non-financial factors (cf. Pasanen 2003, Richard et al. 2009, Dej 2010, Gorgievski, Ascalon and Stephan 2011). On the one hand, financially speaking, “survival”, “profitability” and “growth” are often acknowledged as measurement for business success during decades (cf. Vesper 1990, Littunen, 2000, Wang et al. 2004); however, the question of what extent they are applied to determine whether or not an enterprise was successful is yet ambiguous (Gorgievski et al. 2011). Walker and Brown (2004) find out that financial criteria has gained more attention in previous literature. For business, traditional performance measurement base on financial factors due to the ease of being administered and applied (Barkham, Gudgin and Hanvey 1996). However, there is a need for "an extension of traditional economics success definition" into "a more comprehensive one" including multiple, financial, and non-financial criteria (Dej, 2010).

On the other hand, the firm's individual goals vary and are not necessary to be financial-oriented. These criteria can be job satisfaction, independence, work-life balance (Buttner & Moore 1997, Green & Cohen 1995, Kuratko et al. 1997), individual satisfaction (Wheelock & Baines 1998, Cooper & Artz 1995), greater

opportunities or pursuing own interest (Fiedler et al. 2000), satisfied employees and customers, public recognition (Kuratko et al. 1997) and usefulness (e.g. Mariussen et al., 1997). The result from a recent qualitative study of Gorgievski et al. (2011) reveals that business owners even valued personal and interpersonal (i.e. non-financial) criteria above business criteria.

There is a need for appropriate perception towards success criteria and their relationship. Owners' value and expectations are personally distinct and may change over time; hence, knowing of entrepreneurs' value and desire is very crucial (Pasanen 2003) even though Foley and Green (1989) and Gorgievski et al. (2011) see similar characteristics among successful firms. Moreover, the study of Gorgievski et al. (2011) suggests using multiple indicators in understanding business success because, independently, business owners have different value orientations, resulting in different success criteria. Consequently, those criteria at a whole, unfortunately, could be incompatible and conflicts (e.g. business growth and work-life balance) (Gorgievski et al. 2011). Additionally, even when firms' main goals are rather than financial factors, these businesses still need financially viable at some level to continue their operation and continue (Marlow & Strange 1994, Pasanen 2003).

- **Failure**

Acknowledging previous studies, different terms have been used to express and define firm failure and those interpretation overlap each other to some extent (Sten 1988). For instance, some definitions are discontinuance, bankruptcy, insolvency, liquidation, closure, losses, end state, distress, crisis and being non-successful (cf. Watson & Everett (1999, 5), Schwartz & Menon (1985, 681), Mitchell (1994, 576). While the discontinuance (of ownership/of business) and formal bankruptcy are the most readily events in failure definition (Pretorius 2009), some researchers even suggest other viewpoints to look at business failure such as "termination to prevent further losses" (Ulmer & Nielsen 1947 cited in Watson & Everett 1996) or "inability to 'make a go of it', whether losses entail one's capital or someone else's, or indeed, any capital" (Cochran 1981, 52). In overview research on 35 years of business failure studies, Balcaen and Ooghe

(2004) categorize definitions that used by scholars by “legal definition” (with “bankruptcy” used mostly), “financial distress” or “economic definitions of failure” (e.g. loan default, cash insolvency).

The lack of a single definition of business failure leads to a dubious notion among scholars Wickham (2001), is partly responsible for poor understanding of the phenomenon (Shepherd 2005, 124), makes research findings on small firms’ performance challenging to compare (Bown & Sefiani 2013) and drives to the differences in reports on sectoral failure rates (Watson and Everett 1999). To explain this variation in failure definition, Pretorius (2009) figures out the reasons — natural of financial prediction models and differences in the research problem. To specify, failure is hardly seen as a focal point on economic prediction model researches, which mainly paid attention to models, signs, reasons, conditions, effects of failure than failure itself. Moreover, based on available data and for the sake of unique, specific research problems, failure definition has been formulated differently among scholars, which was reasonable to extend. (Pretorius 2009.)

A study by Pretorius (2009) with a content analysis approach on over twenty researches during the period from 1985 to 2004 find similar criteria on constructing definitions and proposed a universal definition for failure phenomenon as below:

“Failure – A venture fails when it involuntarily becomes unable to attract new debt or equity funding to reverse decline; consequently, it cannot continue to operate under the current ownership and management. Failure is the endpoint at discontinuance (bankruptcy) and when it is reached, operations cease and judicial proceedings take effect.” (Pretorius 2009)

## **2.2.2 Factors behind successful food truck**

In order to find out factors behind a successful business in the field of food truck industry, the author has sought literatures from published books and online articles. Only a few books that specifically related to the food truck industry, listing as:

- Running a Food Truck For Dummies (Myrick 2012)
- The Complete Idiot's Guide to Starting a Food Truck Business (Philips 2012)
- Start Your Own Food Truck Business: Cart, Trailer, Kiosk, Standard and Gourmet Trucks, Mobile Catering and Bustaurant (Entrepreneur Press & Mintzer 2011)
- The Food Truck Handbook: Start, Grow, and Succeed in the Mobile Food Business (Weber 2012)

These books more or less concentrate on providing a handbook with subjects to pay attention or common mistakes to avoid. None of them list out critical factors behind successful food trucks. Similarly, online articles are practice-oriented. After reviewing related literature in the food truck industry, the author decides to systematize and arrange ideas from literature under categorize of factors in the star model of Lawrimore (2011).

In the book “The 5 Key Success Factors: A Powerful System for Total Business Success”, Lawrimore (2011) concluded a “living system” of five factors in “star model” that exist in every organization and contribute to business’ success, including (a) strategy, (b) people, (c) marketing, (d) operations and (e) finances and facilities. However, not the existence of these factors in organizations does ensure success but the management i.e. how these elements used does. Hence, it is vital to understand that these factors are interactive and interdependent but nonhierarchical. (Lawrimore 2011.)

#### **a. Strategy**

The business model is the bond of one firm; it is a strategic decision that has a strong influence on a business’s performance. Investopedia (2018) defines: “A business model is a company's plan for how it will generate revenues and make a profit. It explains what products or services the business plans to manufacture and market, and how it plans to do so, including what expenses it will incur”.

Lawrimore (2011) and Weber (2012) suggested owners know some simple questions about one's business model. Food truck owners need to project costs (e.g. food, labor), estimate average sales (e.g. gross weekly salary), test production time, estimate profits and business structure (e.g. partnership, corporation). It is crucial for owners to control all necessary cost and estimating sales. (Lawrimore 2011, Philips 2012.)

The future of food truck business is always a big concern. Weber (2012) drew a life cycle of hospitality business — market introduction, growth, maturity and decline stage. If the food truck concept is not working, try to rebrand it (Myrick 2012). If it works, there are growing opportunities for the food truck to either expand from one food truck to multiple ones or build a brick and mortar restaurant or franchise and sell the business. Nevertheless, human and capital resource needs to be considered carefully beforehand. (Weber 2012.)

#### **b. People**

Recruiting great people to the team is one fundamental factor that can significantly contribute to a business's development. In any stage of business, human resources plays an undeniable role. Human resources includes learning and training (Lawrimore 2011). According to Meyer (cited in Philips 2012), the five core skills that a great employee should have includes optimistic warmth, intelligence, work ethic, empathy and self-awareness. Mintzer (2011) claimed that while foodies and food truck owner come from the different background, a set of particular skills is required, such as marketing, multitasking, food knowledge, creativity, media, repair and maths skills.

Human resources, i.e. employees, can be discussed in the hiring process, training procedure, policies and motivating staff. It is crucial to determine the number of people on board, for example, prep cook, on-truck cook, cashier/greeter. When training employees, the importance of customer service should be highlighted. (Philips 2012.)

### **c. Operation**

The first and foremost note is to know regulations and license. Learning the local laws and regulations, getting permits and all required license (including vehicle license), following the health codes and prepare for health inspections were also suggested (Philips 2012).

In order to open a food truck, one needs to decide and finalize the menu concept; however, in order to succeed, one better to refine it (Weber 2012). The menu and concept are the spirit of the truck. Hence, after operating for a while, one may start refining the menu by adding new items, replacing some or adjusting recipes. Phillips (2012) recommended businesses to sample foods and perfect recipes in order to achieve consistency in food quality.

Another area to pay attention is location - both the vending location and commissary (off-truck kitchen) location. A food truck is about mobility. Hence, the food truck owner needs to identify his spots and to get from one place to another efficiently (Philips 2012). For instance, be aware of traffic jam and making sure to get to the commissary location well ahead (about two hours before the opening hour) and start preparing for the day (Weber 2012). Regards the "right location" for vending, it is advised to identify the place one should park (e.g. office building, nightspots, seasonal locations, etc.), the place to avoid (e.g. low-traffic area, restaurant rows), places that are allowed and build your spots (Philips 2012). Vending location even needs more attention as it might be very competitive among food trucks owners (Weber 2012).

Besides regular sales day, there might be festivals and events around the year as a new opportunity for food trucks to expand the market. In preparation for that, a food truck may also notice and involve (Philips 2012). Notice is not only about notifying authority (if need) for the permission but also informing both loyal and promising attendees about the presence of food truck in the event. Phillips (2012) also advised that owners be well-prepared with numbers and do some calculations that ensure business to cover arising cost.



To maximize profit at food truck festivals, entrepreneurs should review some factors carefully in terms of the organizers, menu type and ideal numbers (Food on a Truck 2015). For example, what is the type of event/festival (e.g. live concert, business fair, exhibition)? What is the estimated/guaranteed number of attendees? How popular is the festival? By answering these questions, the owners can continue to design a menu that fits the concept. The menu selection varies from small snacks to special menus, from fast food to larger bites. Food trucks need to offer a menu that both meet the demand of customers and improve one's service, even when he needs to change the daily menu or modify the amount in each proportion. Lastly, there are few numbers that food truck should be aware of. What is the breakeven point? Whether 1-2% of customers can profit a working day? How much is the vending fee? Answering these questions helps entrepreneurs to make the right decision and any adjustment. (Food on a Truck 2015.)

#### **d. Marketing**

Lawrimore (2011) claims that operation is associated with internal activities and marketing relates to external activities. The first impression plays an undeniable role in attracting new customers. Hence, food truck owner can start with a memorable business name, outstanding vehicle design with logo and concept and an online channel (website and app) (Mintzer 2011).

Business' online presence is vital. Staying connected on social media is a key to reach new customers as well as to connect and engage with loyal ones (Weber 2012, Apex 2019). Content on social media varies from opening hours, location information, food specialty, open question, mini-games and more. There are KPI to track for business on social media, such as marketing and public relation costs, press mention, response rates and sales inquiry conversion rate. These indicators are more relevant to truck owners who invest and spend money on marketing; start-up who does not spend fund on this area does not need to track these numbers. (Myrick 2012.)

According to Mintzer (2011), there are some other marketing and promotion ideas that food trucks owners may try. For instance, it is giveaways, contests, word-of-mouth marketing, attending local events, customer relations, public relations, advertising and sponsorships.

#### **e. Finance and facilities**

One key to a successful food truck business is to make sure one has sufficient capital start-up capital (Philips 2012). Sufficient capital allows food truck owners to focus on business and able to pay daily operating expenses. Finance is the bottom line of a business plan that needs most attention (Myrick 2012). Finance is about "doing the math". Hence, before starting a business, it is crucial to list down all business start-up cost, covering insurance, legal and operating cost. Owners might seek funding from all source (personal savings, friends, relatives, assets, angels investors, venture capitalists, bank loans and so on). (Mintzer 2011.)

While operating, food truck owners also need to secure the business by reviewing finance and by evaluating operations. Necessarily, truck owners need to calculate the business break-even point, review daily expenses and sales, generate an income statement and analyze cash flow. In order to evaluate the business operations, menu mix, purchasing and inventory should be frequently reviewed. Naturally, reviewing is one phase in the performance management cycle. (Philips 2012.)

#### **2.2.3 Factors behind a business' failure**

This section covers mistakes that failure businesses usually have in common (based on literature reviews). Additionally, it provides lessons and recommendations for enterprises to learn from and avoid those pitfalls.

### **a. Strategy**

Myrick (2019), the author of the book *Running a Food Truck for Dummies* (2012), believed that lack of a business plan could destroy a food truck business. A business plan is crucial to the survival of the business. A food truck, like other types of business, needs the right business plan, which indicates every aspect of the business before operating. It is recommended not to proceed a food truck business without a proper and well-prepared business plan as "failing to plan is planning to fail" (Myrick 2019).

### **b. People**

Day to day, a lousy service implemented by improper training employees can foreseeably damage a business. Myrick (2019) assumed that most food truck business lacks "formalized training, procedural and operational processes". This human resources aspect is essential as employees are the one who executes the owners' vision. (Myrick 2019.)

Additionally, poor ownership is also another reason for food truck failure. Without managing all systems, tools and people in place that allows the owner to be free from the daily operation, the presence of the owner is very crucial. In other words, if one plans to become a food truck owner, a willingness to work is also a must. (Weber 2012 & Myrick 2019.)

### **c. Operations**

No formal recipes can also damage a business. Without written formal recipes, hardly could food quality remain consistency among kitchen staffs. Formal recipes help in controlling cost, restricting food waste and effective staff training. (Philips 2012.)

Another kitchen concern is poor inventory management. The most significant part of the cost pie chart, except for the initial truck's cost, is food expenses. It is

recommended to review and manage one's stock carefully as inventory reduction equals food cost reduction. (Weber 2012, Myrick 2019.)

Along with a lack of formal recipes and poor inventory management, insufficient market analysis inhibits the growth of a business or even damages it. Maisch (2013) claimed that when it comes to market analysis, many businesses dive into a new market or introduce new product lines without conducting proper market research. The failure in that process, later on, forces business owners to deal with unanticipated events by their lack of preparedness. (Maisch 2013.)

Simultaneously, unpreparedness is another source of failure in operation. Many accidents can ruin food truck operations. For instance, engine stall, broken equipment, generator problems, lack of materials, parking issue, police, spoiled food, electrical issue, overcooked food, propane explosion or lack of small bills may challenge the operation of food trucks, which results in lower sales or even bad reputation (Weber 2012). Food truck operators, therefore, should aware of these foreseeable accidents and prepare well in advance for a productive business operation.

#### **d. Marketing**

When customers' demand and the provided service is significantly different, a high chance is the business goes to an end. Easy said than done; many businesses forget to give priority to customers' need and listen to their opinion (Maisch 2013). In any business, doing business is about serving customers. Food truck owners that being self-possessed by the owner's personal tastes and opinions are likely to put a business in danger and drift aimlessly (Myrick 2019).

To keep informed about customers' need, food truck owners need to listen and learn about their purchasing habits and experience on all social media channels as well as ready to improve and adjust the service (Maisch 2013).

## e. Finance

Financial speaking, undercapitalization is the most common factor that kills a business. This fact results from the misconception of immediate profits of food truck business or lack of capital preparation for unforeseen events and expenses. Hence, to prevent this negative foreseeable situation, operators must pay attention to budgeting and reserve an amount of money in the bank for difficult stages in the business journey (e.g. when a food truck needs a new generator and engine). (Myrick 2019.)

## 2.3 Food truck business environment in Finland

### 2.3.1 Current situation and trading spots

Menus of food truck vary from prepacked and frozen foods to specific dishes and special meals such as breakfast, lunch or dinner. It is claimed that despite appearing for decades, nowadays food trucks offer variety in taste from pizzas and desserts to Mexican/Asian gastronomy and more than just a quick meal. To maximize profits, food trucks often move from one spot to other spots and locate in crowded areas such as high-traffic zones, carnival, festival or other events. This type of business' advantage is low entry cost, less risk as "bricks and mortar restaurants" and experimental accessibility for new ideas and cuisines. (Phillips 2012.)



Picture 1. Food trucks operate in Kampintori, Helsinki in a Friday night (Source: Truong 2019).

## **Current situation**

According to public statistics of the City of Helsinki (11/12/2018), there are 19 food truck operators. Nevertheless, this number is updated frequently and shows the number of trucks registered to operate during at that given time only (as contracts last from one month to an ongoing calendar year). Besides that, there are also seasonal trucks operating on special days (e.g. May Day, Helsinki Day, Christmas season), festival and events. For the list of 19 food trucks, see Appendix 1. (City of Helsinki 2018a.)

Food trucks are granted to operate in limited areas at a particular time. Current and future trading spots in city center area, Hakaniementori square, Säästöpankinranta and Vaasanpuistikko (Appendix 2). Out of city center, food trucks are permitted to operate almost all streets and squares as long as it does not disturb local activities (traffic, events, residents and so on). Only a few beaches are granted for food truck operation, including Furuviik, Hevossalmi, Iso Kallahti, Pakila, Porvaris Kuninkaanpuisto, Tapaninvainio and Veijarivuori beach. In general, at least two meters of space is reserved for pedestrians. Operation of food trucks is not allowed in parks. New sales spots can be suggested through the customer feedback form or email to Urban Environment Division. (City of Helsinki 2018c, City of Helsinki 2019.)

## **Trading spots location**

Despite the existence of some unpredictable elements in success and failure factors, it is arguable that a proper preparation set a solid foundation for business operation. Therefore, by understanding the rules, business owners can minimize unnecessary difficulties in the future.

There are at least 74 available trading spots in Helsinki city center area, with Hietalahdentori does not mention the specific number of slots (as many as it fit the squared area). Nine out of seventeen areas are allowed for trading 23 hours per day. A couple of areas has different trading hours or many trading slots in winter and summer time. Please note that there are few areas with reservation list for other purposes such as ice park during winter time, reservation list, etc.

Table 2. Trading Spots in Helsinki City Center 2019, table modified by the author (Source: City of Helsinki, 2018).

No.	Area	Trading slot (for one vehicle or wagon)	Trading times
1	Asema-aukio North	2	07-19 & 19-06
2	Elielinaukio	1	07-19 & 19-06
3A	Rautatientori (summer)	13	07-19 & 19-06
3B	Rautatientori (winter)	4	Mon-Fri 07-14 & 21-06 Sat-Sun 21-06
5	Simonpuistikko	1	07-19 & 19-06
6	Narinkka	12	19-06
7	Kampintori	4	07-19 & 19-06
9	Kauppatori (Market Square)	16	Mon-Fri 20-03 Sat 19-03, Sun 18-03
10	Kukkatori (Havis Amanda)	4	Mon-Fri 20-03 Sat 19-03, Sun 18-03
11	Fredrikintori	2	07-19 & 19-06
12	Hietalahdentori	Not specific slots.	Mon-Fri 19-05 Sat-Sun 17-05
13	Töölöntori	7	October-April: 16-05 May-September: 19-05
14	Hakaniementori	8	Mon-Fri 17-03 Sat 17-23, Sun -
15	Säästöpankinranta	1	07-19 & 19-06
16	Vaasanpuistikko	5	07-19 & 19-06
17	Meritori, Kaivopuisto	1	07-22
18	The crossroads of Salomonkatu and Fredrikinkatu, Kamppi	2	07-19 & 19-06

### **2.3.2 Administrative procedure**

#### **a. Procedure and fee**

Food trading notification must be submitted no less than four days before events and four weeks for food premises. For entrepreneurs planning to establish a food truck in Helsinki, firstly, it is necessary to register a business and sign a contract with the Public Works Department (PWD) for the right to use the land. The fixed fee of the right to use land is 1860€ yearly or €248 monthly (VAT included), which then is paid to PWD. Before signing the contract, entrepreneurs need to acquire a statement of paid taxes and a trade register extract. Contract terms and starting guide, published by PDW both can be found respectively in Appendix 3 and Appendix 4. (City of Helsinki 2017a, City of Helsinki 2017b.)

There are some key points to be noted:

- Entrepreneurs are required to acquire sufficient liability insurances.
- If the owner decides to hire someone to work, employment contract and working terms need to be considered carefully as well.
- The vehicle used to operate food truck service must register to Trafi - Finnish Transport and Communication Agency.
- Food truck owners are required to pay attention to hygiene regulation, water supply, the sufficiency of electricity, the functionality of devices and waste disposal (as there is no sewer, water and electricity connection provided).

(City of Helsinki 2017b.)

### **2.3.3 Support and assistance**

#### **a. Business advisors**

The Finnish Enterprise Agencies are a nationwide network of 125 business advisors and 1500 experts, aiming to “promote entrepreneurial growth in Finland by providing professional assistance for aspiring and existing entrepreneurs”.



Hence, the service is personal, free of charge and is suitable for anyone having a business idea or an existing business. With 29 enterprise agencies in 83 locations nationwide, business owners can easily schedule an appointment and reach business experts. By contacting this enterprise agency in the region, one can receive professional counseling and support attached to the business in the early or growth stage. (Uusyrityskeskus 2019.)

In Helsinki especially, NewCo Helsinki is a business center established by City of Helsinki. NewCo Helsinki provides courses, tools, business advisory services, the network of experts, events, workshops, business information sessions and all service is free of charge to help entrepreneurs. Events are organized weekly and monthly in Finnish and English, for instance, “Starting a Company information”, “Legal Issues related to Social Media”, “How to Get Your Startup Funded” and so on. (NewCo Helsinki 2019.)

In need of further consultation and advice, business owners can also contact Boardia, Helsinki Business Hub (regional development agency), TE services (employment and economic development office), ELY Centres (centers for economic development, transport and environment), Enterprise Finland's Helsinki section and so on. Contact channels vary from email, online service, electronic form to appointment and telephone. Assistance for new and well-established business varies in general matters from tools, services, financial guidance, training, funding support, registration procedure, public enterprise information, employment services and so on. (Startus Magazine 2016.)

#### **b. Grant and subvention**

Granted by TE Office, start-up grant consists basic grant for full-time entrepreneurs with “potential for continued profitable operation” in up to 12 months. The ultimate mission of the start-up grant is to encourage new business by providing a secure income for entrepreneurs during the first stages of business operation (TE Office 2018). Regards the idea of a regular food truck operation, Kontro (2019) suggested that food truck owners are not eligible for start-up grant

as the subsidization is for innovative ideas and establishing a food truck seems to be as “basic” as opening a restaurant.

### **c. Funding and investment opportunities**

Along with Finnish Startup Grant mentioned above, some other organizations offer various types of funding for startups. TEKES (Finnish Funding Agency for Innovation) and ELY Centres also provide funding but for internationalization-oriented business. Finnvera offers to finance for start-up and growth stage of companies by, for instance, loans, domestic guarantees and venture investment. (Startus Magazine 2016.)

Additionally, business owners can seek funding from crowdfunding platforms and angel investors. Babet (2016) from Startus Magazine summarizes some crowdfunding platforms used popularly, including Funded By Me, Investor, Pocket Venture, Fundu, Mesenaatti, Venture Bonsai, Innovestor, Yrityslainat and Kansalaisrahoitus. Some angel investors association and platforms connecting Finnish startup and business angles are FiBAN (Finnish Business Angel Network), Business Angels Finland, Suomen Bisnesenkelit (private capital investors), Angel List. (Startus Magazine 2016.)

## **3 RESEARCH QUESTION AND IMPLEMENTATION**

### **3.1 Research purpose and question**

The purpose of the thesis is to identify strategic elements that contribute to the success and failure of a small business in the food truck industry in Finland. The thesis aims to answer the question: **What are the key factors food trucks need to pay attention in order to succeed and prevent failure?**

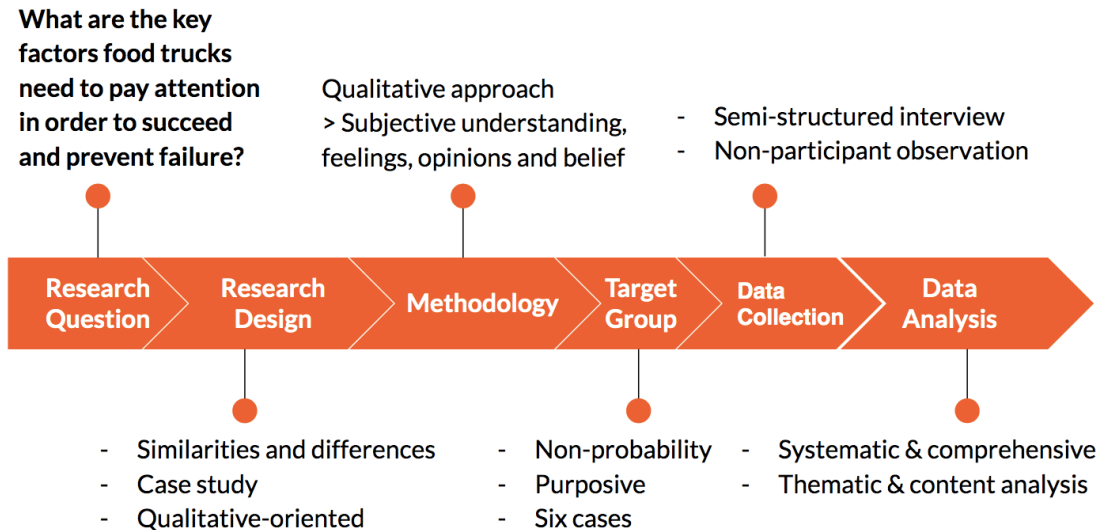


Figure 2. An overview of the research implementation process.

The research question has been developed to fulfill the research purpose. Business performance is influenced by implementation and changes. This study aims to find out what factors can be improved and what factors should be avoided while operating the food truck. Since then, the author and those who intend to do business with food trucks can experiment on the business operation to bring better and more efficient service.

### 3.2 Research design

This research is about to seek similarities and differences between case studies. In details, the research looks at similarities among the viewpoint of different food truck owners towards the most significant elements that lead a food truck to success or failure. From their opinion and evaluation, the researcher looks for similarities and difference between different food truck owner samplings (described in section 4.3) together with a possible explanation for that.

Among major types of research design (for instance, experimental, cross-sectional, longitudinal and case studies), case study research design is chosen due to its ability to address the research question as well as suitability with data collection method. Matthews and Ross (2010) claimed that case study design enables researchers to look at a few numbers of cases in depth, explore the

chosen topic in context and look at the research topic within a particular circumstance.

In general, this research is designed based on a qualitative approach; hence, the methodology, data collection and data analysis are also qualitative-oriented, which is discussed in section 4.2, 4.4 and 4.5 below. The data analysis is set at the micro level, which means research sampling units focus on individual food truck owners, not cities or countries as the macro level.

### **3.3 Methodology**

The research methodology is the philosophy which guides the research (Dawson 2002, 14-23) and comprises of a complete strategy towards reaching objectives (Surbhi 2016b). Aiming to apply the correct procedures in solving the research problem, research methodology implies a scientific analysis of research methods, to ensure a valid, credible and reliable conclusion (Surbhi 2016b).

A qualitative approach is used to conduct this research as it is suitable with data collection method and author's budget, time, resource accessibility constraints. According to Matthews and Ross (2010), after all, the research method is determined by the research question/hypothesis and type of data. While quantitative research method primarily works with structured data that can be numerically represented and analyzed, qualitative research method deals with subjective understanding, feelings, opinions and belief when data collected are expressions of research participants expressions themselves. (Matthews and Ross 2010, 141-147.) As in this research, the nature of research question requires data to be interpreted and structured by the researcher in analytical process and data are not efficiently coded and categorized to for counting purpose, the most suitable method is the qualitative approach.

### **3.4 Target group**

This section is divided into two parts. Firstly, the researcher introduces sampling approach options and justify the selected choice. After that, the chosen sampling approach and target group are described in detail.

#### **3.4.1 Sampling approach**

According to Matthews and Ross (2010), all approaches towards sampling techniques are either probability samples or non-probability samples, which are different from each other in the representativeness of the sample on the whole population or all the potential cases, in terms of relevant criteria. Sampling is “the selection of some cases from a larger group of potential cases”. Hence, in this research, target individuals that are chosen to collect data are samplings.

Under the framework of this research, target research groups are *non-probability* and *purposive* samples, thanks to its ability for the researcher to (1) select cases on the research question groundwork, (2) gather in-depth data from a small scale of cases and (3) take advantages of time, skills and resource. The purposive sample is adequately suitable in this research as it is associated with the selected research design (small and in-depth case studies) and focus on "exploration and interpretation of experiences and perceptions". (Matthews and Ross 2010.) Other sampling approaches were not selected due to (1) researcher's limited time and resource and (2) difficulty in accessing statistical data of all potential cases (e.g. all food trucks in Helsinki).

#### **3.4.2 Target research group**

In practice, target research group are determined in terms of population size, characteristics, amount of cases and accessibility. Being designed towards a non-probability and purposive sample, the research does not include all possible food truck cases in Helsinki but a small number of cases with relevant interested characteristics only.

Additionally, only six food trucks were chosen in this research, aiming that for each food truck, perception of both employer and employee are considered equally. As the selection of cases is much significant in case study design, Yin (2003) set out several case types, counting as (1) critical case, (2) extreme or unique case, (3) representative or typical case, (4) revelatory case and (5) longitudinal case. Consequently, target groups in this research also falls into categorize of critical case (which enable the researcher to test a theory), unique case (i.e. food truck that is located in a fixed place or only goes to festivals), typical case (with high representativeness among similar food trucks) and revelatory case (i.e. case with potential to access unknown situation). All cases are conducted in the Greater Helsinki.

To fulfill the research's ethic purpose, interviewee's name and enterprise need to be coded as following:

- Owner (O) OR employee (E)
- Male (M) OR female (F).
- Followed by the food truck number.

By interviewing both owners and employees, the research ensures objectivity and information accuracy. The author is also interested in the opinions of the employer and employees in reviewing the same situation. The gender of interviewees was marked intentionally for ease in recognition only. In food truck 1, 2 and 3, both employer and employee are interviewed. In food truck 4 and 5, owners also work in the food truck (without separate employees). In food truck 6, only the owner is interviewed (Table 3).

Table 3. Interview samplings - A purposive sampling matrix

Food Truck	Employer		Employee	
	Male	Female	Male	Female
Food truck 1 (unique/revelatory case)	/	OF1	/	EF1
Food truck 2 (critical/revelatory case)	OM2	/	/	EF2
Food truck 3 (unique case)	/	OF3	EM3	/
Food truck 4 (typical case)	OM4	/	/	/
Food truck 5 (unique/revelatory case)	/	OF5	/	/
Food truck 6 (unique case)	/	OF6	/	/
Total	6		3	

### Samplings background

Food truck 1: A food truck was founded in 2017 and is located in an outstanding area in Helsinki city center. Food truck 1 offers famous Japanese street food. The food truck is private rent, movable with a big truck and operates during the whole year.

- OF1: The owner's strategy is to raise the awareness of people about the product and plan to move into a restaurant after a fixed period.
- EF1: The employee is a part-time worker and has been working in the food truck for nine months.

Food truck 2: It is a six square meter food truck operates along with a nine square meter food truck. People inside the food truck implemented final touches and decoration, preparation is made inside the tent. The food truck used to operate in a fixed location in Töölöntori for a season (five months) before changing their strategy and attends festivals and events only. The food truck has a central kitchen (restaurant).

- OM2: The owner runs the food truck sometimes, but not always.
- EF2: The employee usually works in the main kitchen (restaurant). She has had a chance to work in the food truck in one drinking event, which lasts about four days.

Food truck 3: A food truck that provides Asian fusion, operates during festivals and events in Helsinki (and Turku) during summer. There are two people in charge of running the food truck.

- OF3: The owner assists and supervises the food truck but never runs the food truck herself.
- EM3: The employee runs the food trucks in three months and attended about four events and festivals during last summer (2018).

Food truck 4: A food truck offers hot dog and kebab, which operates during weekends (until 2 AM or early morning) and closes in winter. The food truck has been operating for one year (2018). The food truck never attends festivals and events due to the high registration cost.

- OM4: A middle-aged Vietnamese owner and able to speak Finnish. Only the owner works in the food truck. There is no other staff.

Food truck 5: A sub-renting food truck in terms of location and facility. The food truck sells favored tea-based drinks from South Asia and has two people operate. Currently, the food truck is located near a big shopping mall in Espoo. The product is not yet popular to the local market.

- OF5: One of two founders running the food truck. She is passionate about owning a brand (later a restaurant) that offers good-tasting drinks and happiness for other people. Owners decide to sub-rent the food truck for one season.

Food truck 6: An ice cream food truck operates during summer only. The owner started the ice cream food truck during a summer a few years ago when she was a student.

- OF6: During the first season, the owner herself run the food truck. Later on, staffs are seasonally hired (students).



### 3.5 Data collection

Firstly, the author introduces primary and secondary data before explaining sources where data are collected. Later on, the author justifies the chosen data collection method for this research.

All data falls into two categories, including primary and secondary data. Primary and secondary data are different from the collection time, process, source, cost-effectiveness, specificity and accuracy and reliability (Surbhi 2016a) and the fundamental difference between the two is the purpose of data. While primary data involves the study of a subject through firsthand observation and investigation, secondary data involves the collection of information that has been used for other studies before (Dawson 2002, 40-46). Therefore, primary data is real-time data, very involved and always specific to the research need and secondary data is easy-to-access, economical but less relate and accurate to the problem in research (Surbhi 2016a).

In this research, both primary and secondary data were collected. Primary data was gathered by entrepreneur interview and non-participant observation. Secondary data were collected from desk research, with trustworthy sources from City of Helsinki. All secondary were assessed and reviewed carefully to ensure its relevance, accuracy and validity to the research subject.

Data collection methods are closely related to research methods. Hence, as the author chose a qualitative approach in data collection to conduct this research. The most common qualitative data collections methods are (semi-structured/structured) interviews, focus groups, narrative, documents and participant/non-participant observation (Dawson 2002, Matthews and Ross 2010).

Questionnaires, focus group, documents and narrative research were not chosen due to its limitations. *Questionnaire* may result in low response rate and biased sample, limited accession to participants' in-depth experience and feelings. *Focus group* data is intrinsically tricky to record; its validity is affected by dominant and subservient personalities and its output may not be generalizable.

*Documentary* data method used definitions that can be changed over time and could be misleading when missing the full context. *Narrative interviewing* (i.e. the method of collecting narrative data) is also challenging to analyze the data with long transcription and a large amount of relevant and irrelevant data. Additionally, this method required narrators' willingness to share their story. (Matthews and Ross 2010.)

The most common interviews types in social science research are unstructured, structured and semi-structured interviews, which are conducted face-to-face or via telephone/computer. The *semi-structured interview* is the most appropriate option in this case as it requires the same questions to be asked in each interview but remains flexibility for any vital information which may arise. (Dawson 2002, 28-29.) To prepare for the interviews, recording equipment, venue, time and the list is chosen carefully before the appointment. The list of questions is sent beforehand. The researcher dresses and behaves appropriately, listens carefully, summary ideas and clarify any possible misunderstanding.

*Non-participant observation* is one method to be used. According to Dawson (2002), participant observation methods is when a researcher immerses himself into a community, culture or context during a period, aiming to enhance knowledge. This method is recommended to be considered carefully as many ethical and moral issues may involve (Dawson 2002, 103). Simple observation (or non-participant observation) is a data collection method in which the researcher/observer "is not part of the process that is being researched but is an objective outsider" (Matthews and Ross 2010, 257). In this case, the author will observe several food truck businesses at a different time of the day (i.e. morning, evening, late night, weekend and so on) and different locations. With distance observation, the author does not need to gain access to the community. Most of the time, recording data is done by taking field notes. Video recordings, photographs, tapes and the day-to-day diary will be not be taken. Hence, all data from participants observation method are collected to build hypothesis and to be tested later through interviews with food truck owners.

In preparation for data analysis procedure, the author ensures that data is complete and accurately recorded. There might be some situations in research projects such as incorrect participant identification, missed questions/information, partial responses, inconsistent data or record device issues (Matthews and Ross 2010, 322 - 326). The researcher has familiarized with data (i.e. interview questions, research notes, and so on).

### **3.6 Data analysis**

Besides literature reviews and data collection, data analysis is another crucial part of the research. Collected data do not work on its own to solve the research question unless these raw materials are processed through an analysis phase. The purpose of data analysis is “to describe, discuss, evaluate and explain content and characteristics” of data that has been collected for one's research. Based on the type of data (quantitative/qualitative), should the researcher select suitable analysis technique(s). Even though all analysis methods share the principal features – systematic and comprehensive. Regardless of the analysis technique used, the ultimate objective of data analysis is to reach a conclusion that answers the initial research question. (Matthews and Ross 2010, 316 - 319.)

Applying key features of analysis method – systematic and comprehensive, the researcher starts the data analysis procedure of this research by processing all relevant data collected from interviews and non-participant observations and treating all data equally, with the research question in mind. During the process, analysis strategy and plan are also reviewed frequently. In this research, the nature of data is semi-structured.

Some analysis techniques for qualitative research analysis are thematic, comparative, content, discourse analysis and grounded theory. In the next two paragraphs, definitions of these techniques are introduced, followed by clarification of the selected analytical method.

Firstly, *thematic analysis* is “a process of segmentation, categorization and relinking of aspects of the data prior to final interpretation” (Grbich 2007, 16).

Thematic analysis is highly inductive, in which data collection process and data analysis happen simultaneously and themes emerge from data itself, without the researcher's imposition (Dawson 2002). Closely connected and usually used together with the thematic analysis is *comparative analysis*, which means that the data collected from different people are compared and the data analysis process is repeated until the researcher is satisfied with the results without any new issues arisen (Dawson 2002). *Content analysis* is used for almost quantitative data (e.g. open-ended questions in large quantitative surveys), aiming to quantify and categorize answers. This type of data analysis is more mechanical, in which data are coded by content only when the data collection process has been finished. *Discourse analysis* (interchangeable to conversational analysis sometimes) is "a language-based or linguistic method of qualitative analysis" (Matthews and Ross 2010, 392) and it requires special attention to reflexivity and patterns of speech (e.g. ways of talking, turn-taking and so on). (Dawson 2002, 111-121.)

In this research, thematic and content data analysis approach is used together. Simultaneously do the data collection and analysis processes happen. The approaches are chosen due to the characteristic of primary data – highly qualitative. The discourse analysis approach is not suitable in this case due to a low number of interviews. The researcher also found a comparative data analysis approach not appropriate as the analysis process takes a long time. Sampling's interview responses are noted as interpretations. Data then were compared, developed, looked for overarching themes. During the data analysis process, data were checked back frequently in the case and between cases. Hence, the author looked for similarities and differences between cases and sought additional information that helped in explaining these similarities and differences. In the discussion part, the results were reviewed in light of the literature review. After data were analyzed, conclusion and recommendations are provided.

## **4 RESULTS**

This chapter provides research results from interviews and observation. It is divided into three sub-chapters, including the definition of success and failure in food trucks, factors contributing to the food truck's success and factors leading to food truck's failure.

### **4.1 Definition of success and failure of food truck**

#### **a. Success**

One of the food truck owners (OF3) argues that based on particular goals of owners, each person can have his own definition for a successful food truck. If the owner's primary income relies on the food truck operation, the profit might be the first and foremost priority. However, depending on the marketing and development strategy that a food truck might not consider the profit but other key performance indicators (KPIs). Even so, the success of branding still plays a certain role (OF3).

Under the frame of research conduction, each sampling defined success differently (Appendix 6). However, some similar ideas are repeatedly mentioned, which were categorized in terms of branding, finance, operation, customer value and personnel.

In general, all samplings (except OM4 and OF6) state that a successful food truck carries out a branding purpose. Interestingly, few samplings share the same opinion that a successful food truck should promote the branding of its restaurant even when the restaurant is already established (food truck 3 – OF3, EM3) or will be soon (OF1, EF1, OF5). Besides the branding of the food trucks and its restaurants, a few claims that a successful food truck also need to promote unique products of the food trucks (EF1 and OF5).

It appears that a successful food truck must be a profitable one. Only the food truck 1 does not consider financial statistics in a successful food truck. It is

explained by the owner (OF1) that she accepted the loss at the beginning of the business operation because the food truck operation works as a testing model for products; later on, products would be modified before expanding and developing its business in the future. Food truck 6 (OF6) even considers only the financial aspect as a representation of success in food trucks.

Additionally, OM1 and OF5 even mention that a successful food truck must form a financial basis for later investments (i.e, restaurant establishment). A specific number is mentioned by a food truck owner (OM1), which was expected to reach 100% profit (per operation season per food truck, equally to about ten to fifteen thousand euros per year) – a rough number to buy another food truck.

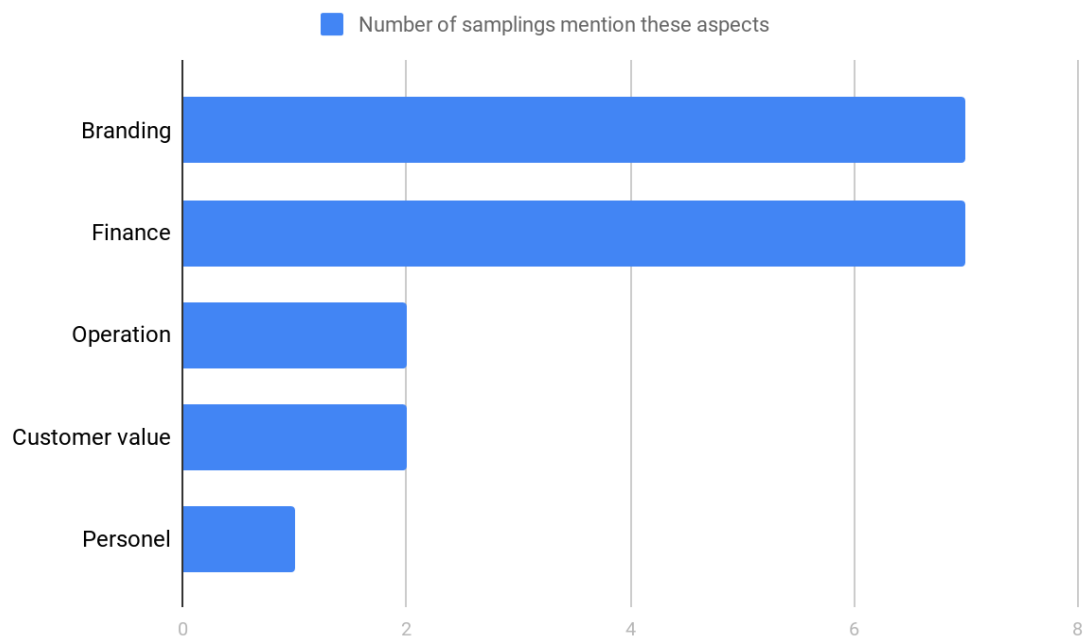


Figure 3. Contributed aspects of successful food trucks (n = 9) (Source: Interviews 2019).

Interestingly, two owners (OM2 and OF3) also care about operation period in a food truck. While OM2 claimed a successful food truck must survive at least five seasons while supporting its own business brand and expand one more each year, OF3 demands food trucks to operate at least four to six months per year and attend four to eight events per year.

Only OM2 mentions personnel factor in a successful food truck. For him, a food truck is successful if after four operation years, there is not a significant change in personnel team. The reason for this criterion is explained later.

Along with all criteria discussed above, including branding, finance, operation and personnel, value for customers is surprisingly seen as one successful feature. EF1 trusts that her food truck success when it can bring a new Asian snack choice for customers and contribute to street food in Helsinki. Along with an eventually new and favorited Asian drinking option, OF5 also expects a successful food truck to provide visible spiritual values for customers such as happiness or meaningful events.

### **b. Failure**

Firstly, financially speaking, all samplings claim an unsuccessful food truck is when it is unprofitable or loss (see Figure 4). In practical, a few owners expect the food truck to cover the yearly operation cost, not just during operation seasons (OF1, OM2, OF3). Food trucks cost money even when it does not open (for instance, parking fee). Two samples (EF2, OF6) consider "unprofitability" is a sign of failure. The rest of the samplings mention loss as a representation of failure (EF1, EM3, OM4, OF5). Running out of capital investment is also mentioned by OF5. Interestingly, OF6 claims that "unprofitability" is the one and only factor to evaluate whether her food truck is failure (Appendix 7).

Secondly, branding is another typical character mentioned in the definition of failure in food trucks. Food truck 2 (OM2, EF2) looks at the inability to promote the existing restaurant brand. While OM2 believes his food truck fail when it is unable to keep loyal customer after a close period (i.e. new customers every new season), EF2 trusts the food truck fail when it lowers the reputation of the existing restaurant. In other words, if the quality and experience of customers towards a restaurant brand are much higher than the food truck, there is a trouble for the business to deal with.

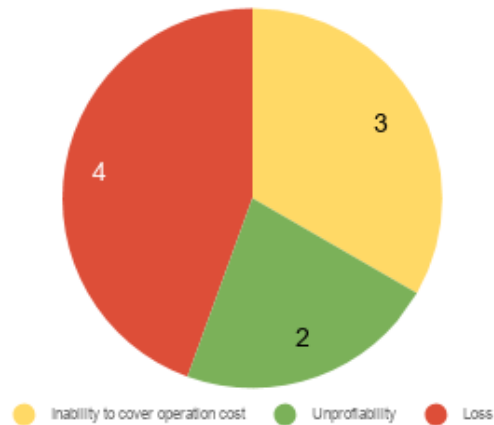


Figure 4. Distribution of financial status in the definition of failure in food trucks (n = 9).

Besides the pressure of promoting existing restaurant (branding), some respondents care about visibility and product branding. OF3 paid attention to the visibility of the food truck during the year (i.e. length of operation and attendance at events). EF1 and OF5 are aware of product branding. In other words, a food truck also fails when customers do not adapt with the new product and consequently do not purchase anymore (EF1) or when they have no impression about a new product type or do not think it tasty (OF5).

Some other characters of a failure food truck in definitions of samplings are listed as following: Inability to get a fixed location after three years (OM2), frequent change in personnel (OM2), long process to set up a food truck or not functional (EF2), failure in attracting enough customers to the food truck in events (EM3), no additional value to customers (OF5). OM4, as an owner, adds a remarkable point about failure in the food truck. In his opinion, failure is when the owner needs to spend more time and effort to work in the food truck than to work for someone else (i.e. comparison between being an owner and an employee).

It is notable that a couple of owners (OF1 and OF3) does not emphasize loss as a sign of failure. OF1 accepted the loss at the beginning of food truck operation as sacrifice for branding and claimed that there was no such a total failure; it is just a trouble for the business. Similarly, OF3 do not require her food truck to get profit in the first two years. The food truck could ask for support and assistance from its restaurant but have to stand on its own, in term of finance.



## 4.2 Success factors

This chapter describes factors that contribute to success of a food truck, including human resources, product, location, marketing, finance and operation. A summary of interview results can be found in Appendix 8.

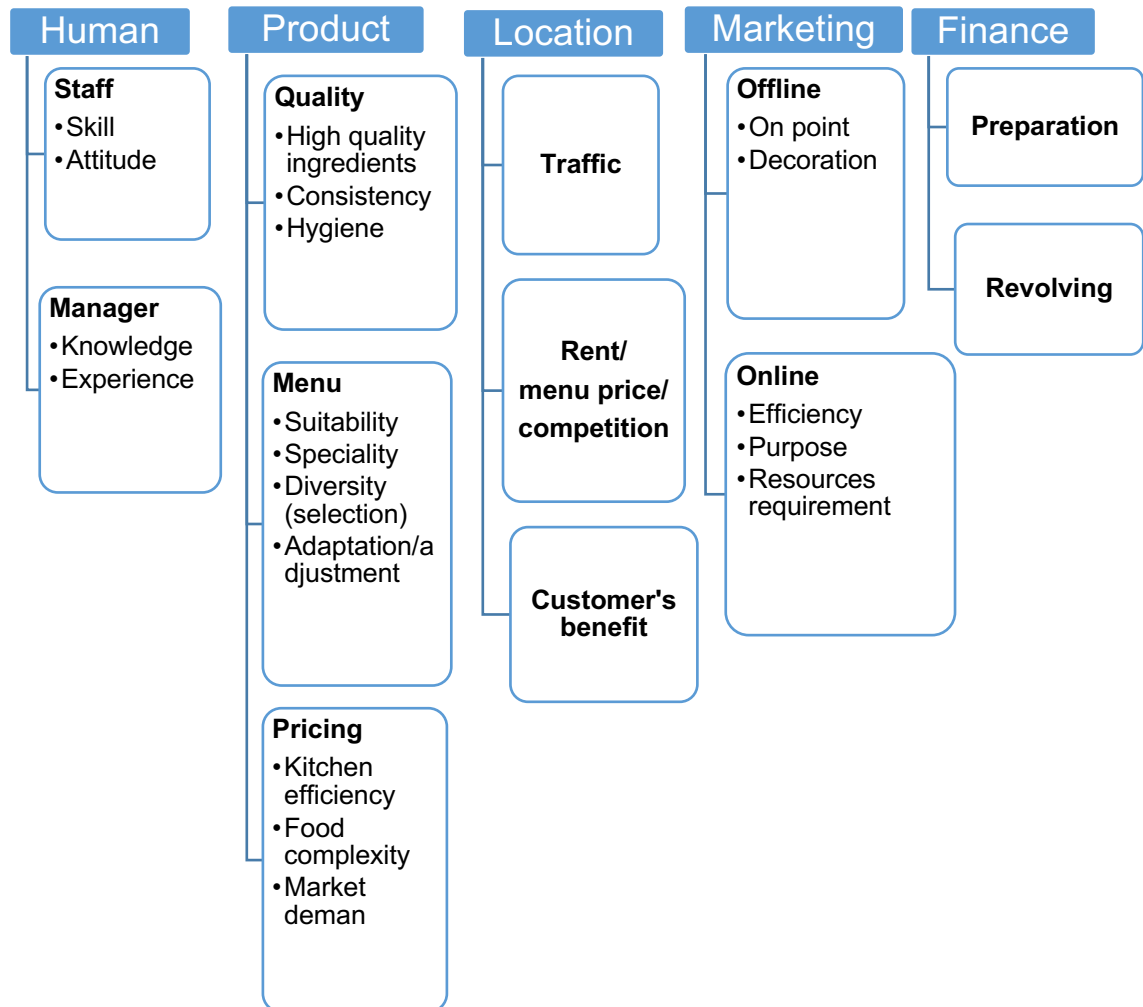


Figure 5. An overview of success factors in food truck business.

### 4.2.1 Human resources

Human resources elements were mentioned by all samplings and contributed by staff and manager level. Interestingly, staffs and managers capability and skills are demanded differently.

### c. Staff

The majority of respondents considers staffs (i.e. the person who are in charge of running food trucks physically) in contribution to a successful food truck. The standard expectation for food truck staffs is skills and attitude. Skills required include:

- Multitask, teamwork (OF1, EF2, EM3)
- Agility in learning (OM1, OM4) and serving (OM2)
- Sales (EF2, EM3)

Besides the staffs' skill, the attitude is also mentioned quite often, including:

- Self-attitude: hard-working (OM4) & open-minded (OF5)
- Attitude towards customers: friendly, cheerful and outgoing face expression (OM2, EF2, OF5, OF6)

The explanation for these expectations for a successful food truck varies in each case but mostly based on the food truck character. Commonly, staffs are the main ones in charge of the operation of the food truck and staffs' outcome allow (or not) product consistency, which is a very crucial factor in the food industry. Due to limited space of food trucks, staffs also need the capability to co-work and multi-task (taking orders, preparing, serving and billing). For instance, once in an event, food truck 2 attended with one food truck (for taking orders, packaging, billing) and one tent next to it (for food preparation). In the end, six people in two places need to work and cooperate thoroughly to avoid mess (OM2). Fortunately, with experience and teamwork, the next event food truck two only need three people, instead of six as the first festival. Sales skills (e.g. to recommend customers purchase accompanied drinks, to upgrade food proportion) are highly appreciated as it helps increase revenue and possibly profitable. Customers visiting food trucks mostly for takeaway and hardly come back; hence, staffs need agility to serve (queue) of customers and positive face expression to create a good impression for customers in both fixed location and events.

Listening skill is suggested by OF5 as an open-minded attitude to listen and improve product and service is crucial for business' development. Due to the character of the food truck 6 – a simple process with machine-made ice cream,

staffs' skill is not considered essential (OF6). In contrast, OM4 insists on the importance of staffs' hard-working attitude because of the difficulty of harsh weather and high fixed cost. In short, the character of the food truck industry require staffs to equip some skills and attitude.

#### **d. Manager**

Operators and managers of successful food trucks need to be knowledgeable and experienced (OF3). At the management level, operators and managers hold an undeniable strategic role in directing the path of food trucks, e.g. deciding on events to go and menu to offer. A couple of owners' samplings do share similar ideas about that fact. Interestingly, OF5 is a case with two founders. Ignoring the truth that the food truck is at a very early of the operation stage, she states that managers and co-founders need to acquire the same mindset, development strategy and listening attitude.

From a staff's viewpoint, EM3 highly appreciates his managers in terms of skills. In evaluation of reasons behind the success of his food truck, network and the capability to manage and coordinate staff were mentioned. The training staff is considered to be time-consuming and each staff has his/her own strengths and weakness (EM3). Thanks to EM3 manager's networking, they were very successful in getting sponsored drinks in one event. Throughout the event, free drinks supply had a very positive influence on the food truck's sales and revenue.

#### **4.2.2 Product**

Speaking about factors contributing to the food truck's success, almost every samples mentions the product element. Only OM4 does not consider product contributes to his food truck. To reveal about successful reasons of his/her food trucks, employers and employees mention facts related to quality, menu options and pricing.

### a. Quality

Product quality is divided into ingredients, consistency and hygiene. Firstly, ingredient speaking, OF3 reveals that her food could be simple but must be high quality. EF1 even emphasize that even during a tough time and food truck decide to lower fix cost, it should not cut down ingredient cost. Both OF3 and EF1 offer Asian dish; hence, customers may not realize when few ingredients are missed or replaced. This fact is confirmed by an employee (EF2). For instance, the best-selling product of food truck 1 is matcha latte. Even so, OF1 and EF1 did not replace their usual matcha powder – which is about four to six times more expensive than other matcha powder in the market. Interestingly, in all food truck that care about food quality, they use high-quality ingredients for their food.

Secondly, quality consistency is another issue discussed among samplings. Quality consistency is shown in both day-to-day products and social media image. Customer mostly come back because of the tasty experience they have before (EF1). Images of the food truck on social media and advertising sometimes also might be far from reality. OF1 and OM2 believe that once food trucks fail to meet returned/new customers' expectation, they have lost a loyal customer then. Interestingly, OM4 and OF6 do not care about product consistency. To explain for this underestimation of quality consistency importance, owners explained that ice creams are machine-made (OF6) and main customers are mostly just passing by (OM4, OF6). Hence, consistency in these foods is not necessary.

Lastly, hygiene is an unmissable requirement in food truck operation and particularly successful ones. The author observes that this component was not noticed much by food truck owners and employees. Due to limited cleaning condition (e.g. water supply, waste management), food trucks are hard to keep clean inside (OM2). However, good hygiene and food safety are highly recommended by an employee (EF2). The hygiene issue has a strong tie with the facility and operation aspect. Proper implementation of hygiene follows the law, illustrates respect to customers and helps to avoid further unexpected food safety issues.

## **b. Menu**

Menu in successful food trucks is reported to have some features in common, including suitability, specialty, diversity and adaptation. Firstly, suitability is illustrated in both festivals and fixed serving location. In fixed serving location, the menu is recommended to fit the local favored taste and this could be done with proper market research to find out target customers' demand and eating hobby (EF1, EM3). If the food truck goes to events and festivals, offering the menu that is suitable for the events' atmosphere is also another critical success element. Food truck 2 and 3 even decided to have a new menu for each festival (OM2, EF2, EM3). For instance, in "Beer Craft Helsinki" event, EF2 offered a warm snack that bests suite with beers such as "dim sum", "gua bao" but in another event, they mainly offered fresh dishes such as "ramen salad", "summer rolls" and drinks. Having a positive effect from menu changes over events, OM2 mentions the support kitchen in the brand's restaurant. EM3 even shares that the success in one festival was contributed by salesperson when he suggested the matching product with customers' current ones. For instance, they recommended "gua bao" for customers coming with a beer on hand or suggest fresh drinks for those having warm dishes.

Secondly, the specialty in food truck's menu is also mentioned by a few samplings. OM2 believes that special menu is what attract customers. He suggests that a successful food truck does not need many dishes but unique sauces. By observing, the author notices that the unique menu of food truck 1 attracts attention from passing-by customers. Additionally, in a couple of other food trucks that sell favorite dish such as burger, owners do name their products specially (e.g. "Godfather's Burger" at The Alexanders food truck) so customers might feel exciting about their food.

The next notable point in the menu of successful food trucks are diversity in selection (e.g. serving size, serving option, food style and menu offer). For example, OF3 and OF5, after a period of operation, has decided to provide more options for customers in terms of serving size. After observing the need of customers, OF3 offered smaller proportions with more affordable price as the

previous pricing came with a large portion. The truth is customers in events mostly have eaten something on the way and want to try some snack or light dish only. In contrast with OF3, OF5 suggests offering a larger size for their drinks at an additional of 30 cents only.

However, not only serving size (medium or large) matters but food truck can also consider choices of serving (eat in or takeaway), food style (warm or cold dish), menu offer (food or drink). EF2 states that the success in food truck two partly based on the variety of dining options for customers, as mentioned previously. By observation, the author realizes that some food trucks in Helsinki allow customers to customize their food and drink, for instance, additional choices of sauce, fixed side dish or a bit of everything (e.g. The Alexanders food truck).

Lastly, the necessary adjustment in the menu is an unmissable element and seems to be duplicated with all menu aspects discussed above. The motivation behind additional larger and smaller options for drinks and foods (respectively by food truck 5 and 3) or adjustment in the menu based on festival atmosphere (in food truck 2 and 3) is customer's demand. Food truck 1 even reveals they have to adjust the menu after a period of operation. EF1 claims that the unique of Japanese food they provide get customers' attention and excitement for a short time only. The best decision they have made to improve sales is to edit the menu by new dishes and drinks beside the previous one.

Food truck 2 also made a decision of separate menus for summer and winter season. According to OF3, food trend in Finland for a long time is crunchy and fried food but nowadays, food trend tends to be light, refreshing and healthy. Taking food truck 5, for example, although owners planned to take advantage of the drink's specialty and make a brand out of it. Recently, summer rolls – a light, colorful and fresh food was added to the menu to experiment its influence on sales, even when this decision of selling food conflicts with initial food truck' strategy. This decision was made after the owners realized the need of customers on some snacks to eat along with their sweet drinks (OF5). Comments and feedback from customers and friends were also considered carefully by the team.

To conclude, even though menu adjustment should be made based on market demand, the willing of decision makers plays a vital role.

### **c. Pricing strategy**

The pricing strategy is not mentioned frequently among samples. According to EF2, prices of food trucks usually depends on the food's complexity and kitchen efficiency. It seems that owners and employees interviewed do not consider price as an important factor of successful food trucks. Only food truck 2 and 3 share their thoughts about this issue.

Product price is determined by market demand (OF3) and food truck strategy (EF2). For instance, when OF3 realized the price of her food truck is a bit higher than customers' willingness to pay, she decreased the price and provided a smaller proportion. In the end, the change in price was reported one of the best decisions in that festival. Opposite to OF3, EF2 changed prices daily, based on customer psychology. In particular, when one product becomes favorited, food truck owner increased the price. Similarly, to OF3, change in price also brought a positive effect on sales of EF2's food truck.

### **4.2.3 Location**

The majority of samplings emphasizes the role of location. Food truck 1 is located in a very outstanding location in Helsinki city center. EF1 claims that location advantage contributed a lot to the success of her food truck. Respondents agree that food trucks live on traffic. Hence, the city center area, location near shopping malls, squares, railway stations are always spotted by many food trucks. Simultaneously, customers tend to pay more in the city center than other location as food truck seems to provide a cheaper offer than restaurants in the same area (EF1). Additionally, OM2 states that location advantage helps loyal customers return easily. Even when returned customers are not the real target of the food truck, good location drives traffic and passing by customers. In order not to rely on traffic of the fixed location, food truck owners can also go to festivals (as food truck 2), which is supposed to bring other income to cover operation cost and

compensate to food truck's ordinary revenue. Interestingly, location with traffic is one and the most crucial factor in OF6's opinion.

Concerning the importance of location, there are a few key points to note:

- Customers behaviors are influenced by food truck location (EF1).
- There is a relation among location, renting price and menu price (EF1, EM2).
- Food trucks located in crowded areas have more chances to attract passing-by customers, but it does not mean the food truck's target customer group (OM2).
- Food truck might not be able to operate in "good" locations for reasons from reservation list, lack of networking or high rent (OF1, EF1, OF5).
- Food trucks that sell popular dishes such as ice cream, kebab, hot dog, etc. might put weight on "outstanding" location (OM4, OF6).

#### **4.2.4 Marketing**

Most of the samples agree that marketing of food truck is on point, which is the food truck and its surrounding. There are two opinions about the importance of online marketing among them. On the one side, food truck 4 and 6 eventually do not make an effort for online marketing. OF6 suggests food truck is a popup option so marketing online is not necessary; OM4 decides to invest nothing in marketing except a clear menu outside the food truck.

On the other side, a few respondents focus most on the impression of food trucks (i.e. decoration) besides making little or much effort to the online channel. Food truck 1 goes online sometimes to introduce new products, events or campaigns only as it was claimed to "not effectively as word of mouth" (OF1). OF1 shares that she focused on the inside and outside decoration of food truck rather than online marketing. Branding based on human and word of mouth was more preferable. Food truck 2 brought a catchy and bright outlook to customers for impression. The employee (EF2) claims the attraction of food truck made of bright outlook, clear setup with tables and tissue and music. Additionally, OF3 invested



in a catchy uniform to attract the attention of customers in significant events. Simultaneously, food truck 2 and 3 use social media to update about operation hours and location (i.e. festivals and events). Along with a catchy decoration on point (and leaflet for offline marketing), food truck 5 is also active on social media with posts, reviews.

In short, samplings make an effort to get a catchy impression outlook for food trucks (marketing on point). Online channel such as social media is used for notification (change in operation hours or location), introducing new menu or advertise promotion campaign – which is quite occasionally. Online marketing is considered costly in term of human and finance (EF1, OF5).

#### **4.2.5 Finance**

When discussing factors affects success, finance is not frequently mentioned by samplings. It is suggested that finance is not as important as a good operation plan (OF3). Back to the past, OF6 had about one thousand euros capital investment for her ice cream food truck. However, in order to start small but achieve big, EF2 recommended operators to put effort to prepare a proper plan so that they can start small but achieve big.

Nevertheless, there is a minority that pays attention to this factor. OF5 claims finance is an essential factor for the food truck's success. At the moment conducting research, food truck 5 has been operating for about one and a half months, which is not long enough to fairly evaluate the success or failure. However, the finance factor plays an essential role because the owner's capital will be revolved for the food truck's development later. Not only that, OF1 recommends promising food trucks owners to prepare excellent finance in advance. It seems to conflict with OF6 (with self-capital of one thousand euros), OM4 spent about fifteen to twenty thousand euros for his hot dog and kebab food truck when it first operated in 2018.

## **4.2.6 Operation**

### **a. Preparation**

Before food trucks even operate, there is a need to "do the homework" about the market, administrative process and timing. Firstly, market research eventually is the chance for the business to investigate the market, the local customers around the planned operating location and more. For instance, that is the market research about the festival atmosphere so that the food truck can provide a proper menu for each festival (OM2). It could also be the research about price, competitors, market food trend and so on (OF3). The market research also helps in estimating sales (EM3).

The administrative process is simple but not easy. The process might take longer than expected and may lead to a late launching, which is related to the "timing" factor. OF6 shares that because the lack of investigation on timing, she planned the food truck at the beginning of May and the ice cream food truck started at the end of June, which is quite late in comparison with others (as the summer started earlier). As the plan to expand to three to six food trucks in the future, she has learned and prepared the administrative process earlier. OM2 recommends food trucks owners to research the administrative few months in advance and equip a fast reaction on popular events and festivals. Simultaneously, it is recommended by OF1 to prepare in advance the administration process.

### **b. Management system**

The first element of the management system is the routine. By checking up frequently, food trucks can avoid unnecessary errors. An example of mistakes led by ignoring the routine process of OF3 will be described later. Learning from the mistake, OF3 has updated a routine checklist to her food truck.

Secondly, proper management of human resources and logistics improves kitchen efficiency. According to EM3, his food truck was successful back to an event when human resources and logistics were managed efficiently. To be more

specific, staffs in two separate areas for selling and food processing co-worked well. Food was processed in the tent and added final touches inside the food truck. Similarly, EF1 recently has food prepared in a supporting kitchen before transporting to the food truck. OM2 also admits the decision to prepare food in advance (for a handy outcome) improves the serving speed, which is a very crucial factor when operating in festivals. Food truck 2 then had a faster serving speed and less work pressure for staff.

Facility speaking, it needs to be sufficient and neat with a cleaning plan. OF3 suggests that the adequate facility (water, electricity supply, etc.) affect the serving speed of food truck. OM2's food truck is required to be neat and clean inside for staff's ease when preparing food. This results from the fact that food trucks, in general, have space for only two to (maximum) three people and have a limited cleaning condition (e.g. water supply, trash management, etc.). The facility's cleanliness and tidiness are a plus point in customers' awareness. Knowing this fact, EF2 always hides the kitchen problem to customers (such as lack of ingredients or mistakes).

### **c. Low fixed cost**

EF1 reveals that a low fixed cost has a strong tie with profit – which is a sign of food truck success in terms of finance. In her opinion, food truck operation is influenced by location and weather, which is hard to control. Consequently, lower fixed cost helps in increasing profit.

In the cases of EF1 and OF3, as ingredients are high quality, it costs money. However, at the end of the day, if food is not sold, they were thrown away, not resold the next morning for food safety reason. In specific, one of the best decisions of EF1 to get closer to high profit is to cut down food processing at the food truck (but prepare them in a kitchen beforehand) and to have a more effective logistics and less costly packaging. OF3 suggests that a dish "could be simple but high-quality ingredients". In short, low fixed cost strategy was recommended to be applied to food processing, logistics and packaging but not ingredients.

#### **d. Customer service**

Customer service is highlighted by OM4 and OF5. To be more specific, OM4 have tried to talk with "promising customers" (i.e. passing by customers who look at the food truck) just by "Hei!". By observation, the author realizes that this technique is applied by a few other food trucks. Only by greeting passengers could food truck get their attention. Half of the time, customers who look at the menu tend to spend money and if the food truck gets their attention with a friendly expression, most likely that they stay. OF5 shares that she has tried to talk with customers as much as possible in free time. If there is a long queue, it might not be possible but if there is, just even a little time, they do small talks about customers' feeling, how far did they travel to the food truck and so on. Customer service sometimes cleverly integrated by a sale skill – to recommend customers a suitable snack based on their drinks (EM3).

By spending time talking with customers, food truck owners engage with customers in return of an order or sometimes very constructive feedbacks. OM4 admits by improving serving quality, more customers visit his food truck among other food truck in Kamppi square. OF5 also received returned customers and good feedbacks on customers service online and offline.

### **4.3 Factors to avoid**

This chapter explains factors including human, product, location, weather, marketing and operation. A summary of interview results can be found in Appendix 9.

Human Resources	<ul style="list-style-type: none"> <li>•Quality's inconsistency</li> <li>•Change in personel</li> <li>•Language barrier</li> </ul>
Product	<ul style="list-style-type: none"> <li>•Inconsistency</li> <li>•Suitability (events/ festival)</li> <li>•Market demand</li> </ul>
Location and weather	<ul style="list-style-type: none"> <li>•Price &gt;&lt; Distance &gt;&lt; Competition</li> <li>•Fixed location &gt;&lt; Target customers</li> <li>•Traffic</li> <li>•Weather highly affect revenue</li> </ul>
Marketing	<ul style="list-style-type: none"> <li>•Offline: Unclear branding or unrepresentable menu, smell, etc.</li> <li>•Online: Costly but ineffectively</li> </ul>
Operation	<ul style="list-style-type: none"> <li>•Ignoring daily routine</li> <li>•Bad management of human and logistics</li> <li>•Over/Underestimating sales</li> <li>•Timing (registration/implementation)</li> <li>•High fixed cost</li> </ul>

Figure 6. Factors to avoid when doing food truck business.

#### 4.3.1 Human resources

There are two viewpoints in terms of staff and its contribution to failure in the food truck. Firstly, there are a few samplings (EM3, OM4, OF5, OF6) do not mention employee factors at all. OF6 claims that thanks to the character of the product (ice cream) – a simple process with machine, staff does not affect much to the business. The rest does not explain the reason to ignore this human resource factor.

The second group believes that staff can lead to failure of business due to inconsistency in food quality or lost of loyal customers. Food truck 1 (OF1, EF1) states that the inconsistency in quality is a challenge to the food truck. As food truck's staff are majority students, products made are different in terms of quality. Food truck 2 also faced the same problem due to the human resources are seasonal. While the staff (EF2) claims that the inconsistency resulting from improper and inconsistent training, the owner (OM2) explains the change in staff

did not only require a time-consuming and effort-consuming resource but also drive to a loss of loyal customers, who were already familiar with staffs.

OF3, in contrast, believes that language is the barrier in customer service. OF3 reveals that, near the harbor in summer (vacation), by observation, there could be seen many food trucks serving in Russian or Chinese but it seems that people prefer local (Finnish) sellers.

### **4.3.2 Product**

Product is the main reason for a food truck's existence. Consequently, if the product goes wrong, a high possibility that food truck might face failure.

Food truck 1 admits their problem with the product is inconsistency. EF1 states that if a customer visits and do not have tasty and high-quality food, he/she might not come back. Food truck 1 also comments that their product is entirely new to the market, which is also a challenge for them. In contrast to food truck 1 (OF1), OF5 does not consider its unique, unpopular product as a difficulty or problem.

Food truck 2 and 3 face a problem related to the menu provided in festivals. Their products are considered not certainly suitable for the festivals. To be more specific, food truck 2 sells vegan dishes (while other food trucks offer fried, stir dishes) during their first event – a beer festival. The employee of food truck 2 also worries about food hygiene and safety of products. In her opinion, hygiene and safety in food truck are equally crucial with food taste and decoration. Food truck 3 also offered Asian fusion during a drinking event. At the end of the day, some suitable hot products (e.g. dim sum and gua bao) were sold quickly, but the rest (fresh food, summer rolls) were left. The results were related to another display issue, which will be discussed later in the "Marketing" section.

Interestingly, OM4 and OF6 do not think the product is a challenge that food trucks deal with. Their product (hot dog, kebab and ice cream for OM4 and OF6 respectively) are popular products. These products might not become outstanding but everyone knows what it is.

### 4.3.3 Location and weather

Location speaking, samplings claim to have a problem for some reasons as following:

- Food truck 1: Expensive location
- Food truck 2: Fixed location in an area with traffic but not target customers
- Food truck 3: Bad location in an event
- Food truck 4: Good location but high competition
- Food truck 5: Location is far from city center
- Food truck 6: N/A

Even when food truck operators see the problem in their location, the approach samplings analyze food trucks' consequence and provide solutions is different. For instance, food truck 1 admits their problem in high fixed cost – including high quality and an outstanding location in the city center (private rent). However, the food truck owner accepts the loss at the beginning to trade off with brand awareness of their main snack (Japanese cake).

Food truck 2, at the beginning of their operation, decided their fixed location in Töölöntori for a five-month season. The owner (OM2) claims that the location has good traffic but they are not their target customers. Consequently, many people passing by but not many purchases were made.

Food truck 3 and 5 face with "bad location" issue. EM3 reports that the food truck was located out of a festival's center and far from the entrance area. Consequently, customers passed by the food truck after a long walking distance from the entrance and most likely had purchased something else before. Food truck 5 see that their serving location currently is quite far from the city center and it brings difficulty for customers to visit. Fortunately, with the new zone transportation now, it saves a bit of money for customers from Helsinki to travel to their location (near a shopping mall in Espoo).

Food truck 4 complains about the high competition in the operating area. To be more specific, the owner usually parks and sells food in the city center, near Kamppi square or Central Railway Station.

Food truck 6 does not mention its location problem. According to the owner (OF6), his food trucks is located in very outstanding locations with lots of traffic passing by. Combining with their popular product (ice cream), there is no problem or difficulty in raising customers' awareness about the product or brand.

Speaking about the weather, samplings agree that food truck sales partly depend on the weather. Food truck 1, 2 and 4 (OF1, OM2, OM4) share that in bad weather days, people do not go out, which strongly affects the sales. Sometimes, food trucks even close because of bad weather (e.g. winter). The weather influence forces food truck to close in winter/bad weather day to save money (due to high fixed cost from heating, electricity, staff and location rent as in food truck 1 and 4) or puts a weight on operation season (just a few months per year) so that the profit can cover yearly operation (OM2). Even when food trucks do not operate in winter/closing season, it need to be parked (with or without parking fee in a long time) and maintained well before new seasons (OF3).

In short, there is an influence back and forth among food trucks location, renting fee, traffic and revenues. Crowded traffic might still have its own problem. Bad weather also damages food trucks' operating hours and daily revenues.

#### **4.3.4 Marketing**

Marketing speaking, samplings suggest their problems in marketing prevents food trucks from reaching customers in both offline and online channels. To specific, food truck 2, 3 and 5 face an issue related to physical attraction and food truck 5 and 1 with online marketing challenges.



### **a. Offline marketing**

Food truck 2 (EF2) claims to have an unclear branding – the brand name was hidden in the window (which supposed to be open upside when operating) and its bright main-theme color was blurred by other food trucks and sunshine.

Food truck 3 face a problem from an unrepresentable menu, unsmellable attraction and quieter outlook. At the same time, the language barrier limited the menu and display in English only, which was not highly appreciated by customers. Food truck operator suggests that their "mediating smell" was beaten by other stirring and fried food trucks. Simultaneously, the unclear presentable menu made customers walking away incurious. The employee (EM3) also reported that food display also had problem – fresh "summer rolls" were pre-made in the morning and displayed became unfresh in the summer afternoon and evening. This fact conveyed a wrong message to customers about the food truck's product.

Food truck 4 and 5, at the beginning of their operation, also does not have a clear, presentable menu outside. Afterward, the owner (OM4) decided to glue the menu (approximately 100 euros cost) outside the food truck for customers to see offers and price in advance. Food truck 5, due to an agreement between the owners and the sublease party, was not allowed to decorate outside. Hence, the food truck was not able to present its product to passing by customers (OF5). The quiet outlook of the food truck was observed to be unattractive for customers. Later on, the menu was designed and the food truck was decorated (properly follow the agreement), it became better.

### **b. Online marketing**

OF5 did mention about their online marketing issue of food truck 5. According to the owner, due to the lack of human and finance resource, the food truck's social image has not reached many people. In order to improve the situation, owners decided to put more effort into both offline and online channels with leaflets in the shopping center near their location and more dedicated posts on social media.

The owner of food truck 1 did not mention online marketing as their challenge or difficulty but an ineffective marketing channel. Hence, online marketing channel was still used by the owner to announce new products or promotion campaigns but it was not considered an important factor.

#### **4.3.5 Operation**

Food truck 1 shares the problems in ignoring changes in customers' behavior and high fixed cost. The high fixed cost is reported in expensive location and high-quality ingredients. The employee (EF1) reports that the food truck used to ignore changes in customers' behavior. With the Japanese concept, aiming at the unique factor to attract the market's attention, food truck 1 was successful during the first two to three months of its operation. In the beginning, Finns did not know their food concept. Consequently, some people were willing to try and some not. However, the truth is that most people are loyal to traditional cuisine preference. The food truck 1 attracts mostly young people (who likes to try and experience new things) and Japanese culture and food lovers but this number of customers is not large enough to make the food truck successful (EF1).

Food truck 2 reports the fact of underestimating sales (500 vs. 1000) in an event had brought them trouble. Together with a bad logistics (i.e. employees cycling from the market to the central kitchen and serving location in the center), the food truck missed a lot of promising orders in few hours while employees became tired. The employee (EF2) stated the bad results were because of a bad management system. She also suggested the improper music style did contribute to the low sales sometimes (e.g. music playlist based on the working staff's mood – which was relaxing ballad in a crowded, noisy festival sometimes).

Food truck 3 used to face problems of poor management, late registration and underestimating sales. Once, the food truck closed the food truck for a few days. As operators did not check up the food truck to realize that the electric wire was broken by a theft. Afterward, food trucks owner came back to work and realized that the electric power was off and ingredients stored in fridge and freezer

became damaged. During off-seasons, food truck 2 was parked in a free parking area and operators ignored checking up the food truck. Once the parking area needed to be cleaned up and the food truck was forced to leave the area on time. Unfortunately, no one recognized the notification until the food truck was moved by the authority. Consequently, food truck owners need to pay a new parking fee and service fee. OM2 (food truck 2) also confirms that their food truck had to buy electricity from City of Helsinki and the sign of running out of electricity was not recognizable. In short, it is recommended not to ignore food truck routine.

This year, food truck 3 is unable to register for a spot in a festival due to a late reaction. The earliest food truck operation, according to the plan, is May. Even though owners started contacting and registering in January/February but there were no spots left in popular events. The food truck owners also admitted the luck in a previous event. According to OF3, thanks to a withdrawing food truck that they could get into a popular festival one year. Food truck owners have no driving license. As a consequence, the dependency on drivers has limited the operation of the food truck. In one event, food truck 3 also faced the problem of underestimating sales and bad logistics from the central kitchen to the festivals. Facing these operation problems, food truck owners admit the limitation of a young, inexperienced management system.

Food truck 4 has faced a problem within a long operation in summer with a high fixed cost. In particular, the (hot dog and kebab) food truck used to open in the evening until six o'clock in the morning. After a period experimenting the new opening hours, the owner realized the inefficiency due to high fixed cost (i.e. electricity, human resources) and high competition in crowded squares. In the end, food trucks sales (due to high competition) was not much profitable after the deduction of food waste. The owner then decided to buy fewer ingredients and open on weekends and Friday evenings only.

Food truck 5 has not observed a problem in operation as the food truck has been open for only one and a half months. There are a few decisions have been made in terms of operation, such as adding new snack into the menu or discounting for the drinks. The owner claims that these decisions have not been successful as expected but it should not be seen as a failure.

Food truck 6 used to launch late in summer when it first operated. In practical, because of late planning, the registration process took longer than expected and the ice cream started operating in the middle of June, which was considered later in comparison with other ice cream food trucks. The owner's vision (OF6) is to expand to three to six food trucks. Learning from experience, planning and administrative process now are started earlier.

## **5 DISCUSSION**

In this chapter, conclusion and answer to the research question are given, in which the author reviews research results in light of the framework. It is followed by the self-evaluation of research implementation and methods. Later on, the research limitation is examined. Finally, an evaluation of the author's learning process and further research ideas are provided.

### **5.1 Conclusion**

Literature reviews have revealed significant causes affecting the success and failure of a food truck, which were categorized into strategy, people, operation, marketing, finance and facilities. The research results also uncovered factors behind success and failure that fall into similar categories. The majority of research results complies with literature reviews. The research results are not surprising or conflict with literature reviews but reveal much practical and valuable information. Concerning the definition of success and failure in food trucks, sampling responses vary but mostly are related to finance aspects.

Research Question: **What are the key factors food trucks need to pay attention in order to succeed and prevent failure?**

1. Understanding food truck's mission (branding/revenue/etc.)
2. Excellent human resources (staff and manager)
3. Consistent, suitable products with market demand
4. Proper location with crowded traffic and target customers
5. Presentable branding and attractive decoration
6. Sufficient finance resource
7. Fast reaction in registration (operation spots, events)
8. Well-prepared operation plan with sufficient facilities and management system
9. Friendly customer service and low fixed cost
10. Ability to estimate sales (for better logistics and stock control)

Figure 7. Top ten factors that food truck operators need to pay attention.

Firstly, regards strategy, food truck owners' understanding towards their business plan, business model and growth strategy are critically crucial to the business' survival. The business model should explain the company's plan to generate revenues and products or services providing to the market. Growth strategies for food trucks are by expanding, establishing a restaurant with its brand, franchising or selling the business.

According to the research results, food truck operators do not mention strategy as a foundation of success or failure but the understanding of why they do what they do (e.g. accepting loss in the beginning of operation for brand awareness in order to establish a restaurant later).

Secondly, the human resources factor can significantly either contribute to or damage a food truck's development. While employees are recommended to have optimistic warmth, intelligence, work ethic, empathy and self-awareness, employers should have knowledge and skills such as marketing, multitasking, food knowledge, creativity, media, repair and maths skills. On one side, employees with improper training can damage the owner's vision. On the other side, poor ownership and management result in need for owners' physical presence at the food truck.

The research results illustrate that employees and managers are expected differently to contribute to the food truck's success. Favorited employees are those who have skills (e.g. multi-tasking, teamwork, agility in learning and serving, sales) and right self-attitude and attitude towards customers (e.g. open-minded, cheerful, etc). Similarly, owners and managers were required to be knowledgeable, skillful and experienced to make strategic decisions. Concerning staffs, inconsistency in food quality and changes in personnel team should be avoided, as it results in loss of returned customers or loyal customers who have familiar with some employers. The limited capacity to serve in the local language (Finnish) should also be improved in order to increase engagement with customers.

Thirdly, there are few notes that food trucks should pay attention to regards operation. In details, food trucks should aware of all regulations and license (for operation and festivals), perfect and finalize menu concept with formal recipes and find the right location (including possible vending and commissary places). Food trucks were also recommended to avoid informal recipes, poor inventory management, insufficient market research and unpreparedness. All these listed factors help food trucks to operate smoothly, remain food consistency, reduce food expense, avoid unanticipated events and unnecessary accidents when operating.

The research results reported functional operation is done by proper preparation (fast reaction with the market, administrative process and timing), management (routine checking, human resources, logistics system, adequate facilities and cleaning plan), low fixed cost and active customer service. Similarly, food trucks should avoid ignoring daily routine checking, bad human and logistics system, under/overestimating sales, slow reaction with the market and high fixed cost.

The research results also emphasized the importance of product and location in the food truck operation. Respondents reported paying attention to product quality (high-quality ingredients), food consistency and hygiene), menu (suitability with market/practical festivals, specialty, diversity in selection and adaptation). The pricing strategy was suggested to be determined by market demand and based on kitchen efficiency and food's complexity. Product's popularity is

influenced by the market's willingness to adapt to the new. For the sake of customers, food trucks should also avoid inconsistency and unclear menu.

The results have also revealed the importance of food truck location in relation to food trucks' success or failure. Location rent, distance from the center, menu price and customer behavior are revealed to influence back and forth each other. Interestingly, food trucks located in outstanding locations with traffic might be competitive but does not ensure high revenue if the locals are not food truck's target customers. As weather factor strongly affect business operation, food truck owners should consider carefully fixed cost to decide opening hours during these periods.

The next critical factor to pay attention to is marketing. Operators are recommended to priority customer's need than owner's preference taste, focus on online presence to reach new customers and engage with loyal customers. Additionally, social media channels could work as a channel to learn about customers purchasing habits and experience.

The research results uncover the truth that offline marketing caught the attention of food truck operators rather than online marketing. Online marketing was used to announce new products, changes and promotions only. Some food trucks do not pay attention to online marketing or trust its efficiency. A few decide to pay attention to online marketing but consider human and money resources. Most of respondents focus on physical attraction such as bright decoration inside and outside food truck and a clear, presentable menu outside.

The last factor, finance, was mentioned in literature reviews but not much in samplings' response. Having sufficient capital, frequently reviewing finance and evaluating operation were key critical success elements. Operators should avoid undercapitalization and budgeting carefully.

The research results claim that financing is vital for a successful business but good operation plan can compensate. It is recommended for operators to prepare

a secure capital source as finance could be revolved later for business' development.

## **5.2 Evaluation of implementation and methods**

Intentionally aiming to access and compare responses from both Finnish and foreigners, the author has not succeeded to connect and interview people from food trucks owned by Finns. If the research also included data from Finns and other nationalities, the research results would be richer in value.

Even though the number of cases is small, the requirement of the study is still fulfilled. Matthews and Ross (2013) claim that the data gathering process is very time-consuming and researches with qualitative data are not usually associated with being able to generalize to a population. Alternatively, as the researcher is interested in similarities and differences in experiences and perceptions between an employee and an employer in same food trucks, while only six food trucks were selected, nine interviews are somehow enough.

The chosen research design, including data collection and data analysis method, has fit the research situation. The data collecting approach was effective, mostly in face-to-face interviews. The observation method was used by the author can only reveal the operation of food trucks (e.g. in overall outlook, atmosphere, activeness in social media, etc.) partly but not deeply in some fields (human resource's characters, operation inside food trucks, ingredients hygiene, finance resource, etc.). Along with the research collecting approach, the data analysis methods were used effectively. While the content analysis approach helped the author in seeing similarities among samplings' response, the thematic analysis approach was useful in finding relations among factors.

## **5.3 Reliability and ethics**



### **a. Reliability**

In terms of reliability, this research is internal consistency, which means interviewees' response across factors and internally cases (owner and employee) are consistent. For instance, in response of factors that prevent business to success (chapter 5.3), when the owner of the food truck 1 (OF1) listed one of their human and problem is the inconsistency in product quality made by different employee, the employee (EF1) also believed the same issue – inconsistency in product quality might result in unreturned customers. Similarly, in the case of food truck 2, while the owner (OM2) mentioned about their problem in operation as underestimating customers sales, the employee (EF2) claimed the issues in underestimating sales, inadequate logistics and poor management have resulted in an ineffective solution for both the food truck and employees. Food truck 3 (OF3) explained the poor management system factor with a young, inexperienced operation.

This research is not considered test-retest reliability or inter-rater reliability as the research has not been implemented and tested its consistency over time or across different researchers. Research findings and conclusion are only applicable to the study's population and unable to be generalized in an extent population due to data collection – improbability samplings.

### **b. Ethics**

The research was implemented in an ethical approach. This research is overt research, which means that the author's name and purpose are open to the public as well as research participants (Dawson 2002). Overt research type was chosen over covert research type as it gained trust in participants so that response could become more meaningful. Hence, the author has given necessary information about the research to interviews participants. Following the guidance of Dawson (2002, 150), the author has provided research related data such as the author's name and institution, research's purpose and response to the research results.

Ethically speaking, as the suggestion of Dawson (2002, 150-155), issues such as anonymity, confidentiality, the final report and data protection were noticed beforehand. Without the help of participants, this study could not be completed and successful. In general, research that involves in human subjects or participants may raise ethical issues together with legal, political and social ones; hence, research ethics related to the analysis of any ethical issues related to participants that may arise (Walton 2018). Dawson (2002) claimed that research ethics were treatment with honesty and respect to participants and their revealed information. Consequently, interviewee's name and enterprise have been coded to fulfill the ethic purpose and no information would be revealed to third parties if not necessary. All interviewees will receive a notification about research results. Personal data is kept securely during and after the research process.

#### **5.4 Research limitation**

The sampling approach also faced with some limitations, which results from criteria selected, bias towards particular groups and non-random selection (Matthews and Ross 2013). In details, criteria used (position and ethnic) were a bit tricky in practice; some potential samples were also excluded from the research due to the conflict in working hours and location between the researcher and samples. The non-random selection of sampling also prevented the generalization capability of data analyzed to the population as every member of the population was not given an equal possibility of being included.

Another challenge in data collection is the small number of samples. The reason for this lies in the difficulty of contacting and making an appointment with owners for face-to-face interviews. The research was intended to study both Finnish and foreigners but some food trucks operators were not willing to open and share their stories.

One limitation that the research faces is the communication barrier. Interviews were conducted in the author's and samplings' native language (Vietnamese). There may arise unintentionally misleading in understanding and transforming interviewees' response to the research results, interview questions were

designed to be concise and transparent, as well as reasking the meaning of unsure responses.

Additionally, regulations and statistics change over time. Therefore, a few parts of the research, related to regulations and number should be looked at guidance and estimation only. For more updated and accurate information, please consult and visit offices and official websites for accurate extract information.

Another research limitation is referencing sources. Literature reviews about food truck' success and failure are mainly from a few books and online articles written by American authors, in the context industry's history and culture that might differ from Helsinki, Finland to some extent.

## **5.5 Further research**

One idea for further research is to conduct the same research in other cities. At the moment, there are researches about entrepreneurship and small business environment in some other cities of Varkaus, Kuopio and so on, mostly in the restaurant sector. Unfortunately, there has not been in-depth research about the food truck industry in those cities. The question is whether or not a significant difference in the business environment between the capital and other cities (e.g. consultation and free service in English, ease in accessing information, market size and so on) exist?

Another idea is the difference in the operation of food trucks with Finnish owner and foreigners. How the nationality affects choices of menu, serving location and pricing strategy? Whether the process of seeking necessary information easier for food trucks with owners are local or not? There are quite many promising questions to learn about this topic.

Furthermore, there is a possibility to conduct further research about the same food trucks after a few years. It is interesting to see how time changes food trucks. There are few arising questions such as whether or not did food trucks operator learn from experience and mistakes? Which difficulties has beat them off? Which

factors used to be food trucks' advantages then became meaningless? Whether the life cycle of business affect food trucks' operation and owners' opinion about success and failure?

## **5.6 Learning process**

Should the chance of implementing this research in the future happens, the author will find more source of literatures and spend more time with interviewees in order to get more in-depth data, including practical perspectives from experienced operators. The author is quite confident with the research results but still would like to seek more perspectives from Finnish owners and other nationalities. Samplings were planned to be selected based on a quota sample, which means the researcher look for individual participants who fulfill three criteria (including age range, position and ethnic). Later on, as it was not possible, the author has to change the target research group.

The research conducting process is meaningful for the author in both in-field value and individual development. Thanks to the research implementation, the author has equipped herself with academic research skill. The understanding of research design, advantages and disadvantages of each research method form a solid base for the author to conduct other researches in the future. Furthermore, the research implementation has also trained the author discipline and time management skill.

Additionally, the research has enhanced the author's knowledge in the field of the food truck in Helsinki. Valuable lessons when operating food trucks revealed by operators help the author to learn fast from other's mistakes, which applies to not only food truck but restaurant field later.

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## Registered Food Trucks in Helsinki



## Helsingissä toimivat ketterät kioskit

11.12.2018

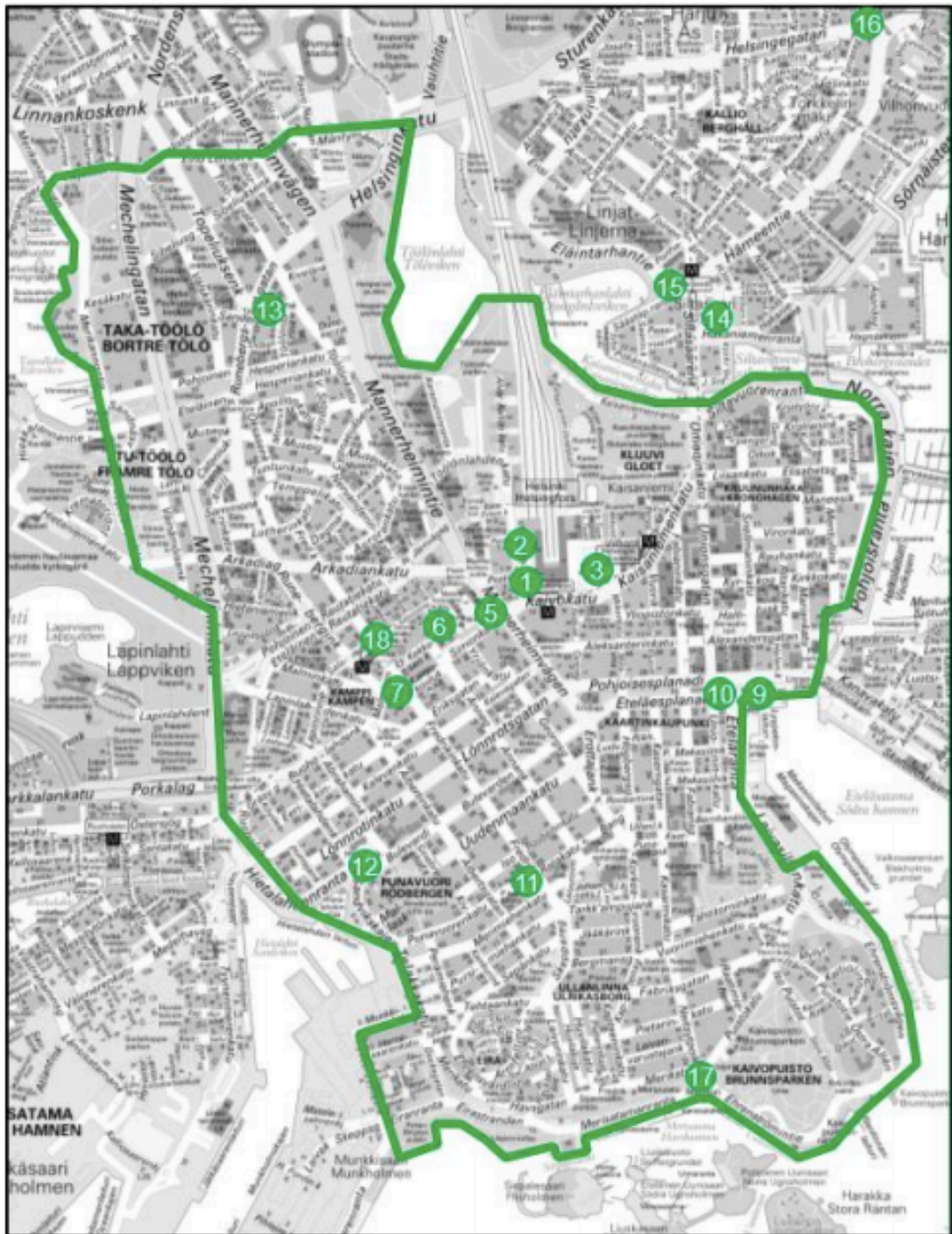
## Helsingissä toimivat ketterät kioskit

Listaan päivitetään Helsingissä toimivan ketterän kioskin nimi sekä sen viimeisimmän sopimuksen voimassaoloaika.

Yrityksen nimi	Kioskin nimi	Viimeisimmän sopimuksen voimassaoloaika	
		Alku	Loppu
Grilli 68	Grilli 668	02.01.18	- 31.01.19
Sofistreet Food T:mi	Stadin Snägäri	15.01.18	- 31.01.19
Titi-Grilli	Titi-Grilli	15.10.18	- 31.01.19
Perho Liiketalousopisto Oy	Ruoka Rellu	01.02.18	- 31.01.19
PN Street Food	Sai Gon Fast Food	01.02.18	- 31.01.19
Grilli 68	Grilli 68	01.02.18	- 31.01.19
Stadin Food Truck Oy	Watkins Foodtruck	01.02.18	- 31.01.19
Arepera avoin yhtiö	Arepera Bros	16.02.18	- 31.01.19
Sepponen Enterprises Oy	Dogs & Deli	27.03.18	- 31.01.19
Sakih Sahil	Danish Grilli	16.11.18	- 15.01.19
Pham Tien Hao	Asian Grilli	14.11.18	- 13.01.19
Teppo&Matti grill	TeppoMatti grill	10.12.18	- 09.01.19
Pham Tien Hao	Asian Grilli	14.11.18	- 13.01.19
SOMASINA	Akropolis Greek Grill	06.12.18	- 05.01.19
Daruma Oy	Daruma Okonomiyaki	01.06.18	- 31.12.18
North Star Catering Ay	East Way	01.10.18	- 31.12.18
Esan Fisú Ky	Esan Fisú Ky	28.11.18	- 27.12.18
R2 Palvelu	Food Club	21.11.18	- 20.12.18
Thuy the Anh tmi	Katariina Kulta II	16.10.18	- 15.12.18

(City of Helsinki 2018a)

Location of Food Trucks Trading Spots in Helsinki Central Area



(City of Helsinki 2018c)

## Contract Terms



**Contract**  
Food trucks

1 (6)

29.12.2017

## A contract on the right to use a public area for food truck operations

The register number of the vehicle or towed equipment used as a food truck (1 per contract)	
Contract's term of validity	
Name of the food truck	
Name of the company	
Business ID	
Name and date of birth of the food truck entrepreneur's representative	
Clarification of the right to represent the food truck entrepreneur (Business name, managing director, president of the board, procurator, someone else)	
Contact person	
Street address, postal code and the city	
Phone number	
Email, which is monitored daily	

The food truck entrepreneur reports that the entrepreneur (Mark the box, if reported)

- has no tax debts or unpaid social security payments, or the entrepreneur has unpaid tax debts or social security payments but a related payment plan has been made. (A statement of paid taxes and a possible payment plan concerning them must be presented. The documentation must not be older than 3 months.)
- has taken care of all the registering matters required by the law. (A trade register extract has to be presented, it can be no older than three months.)
- has the sufficient liability insurance coverage and has paid all the insurance payments.
- has sufficient knowledge of the work terms and collective bargaining agreements applied to the field and follows them.
- has sufficient information on the terms of this contract and the abilities to follow them.
- The kiosk entrepreneur agrees that the City of Helsinki can issue a decision or another document as an electronic message to the announced email address, in accordance with section 19 of the Act on Electronic Services and Communication in the Public Sector.

The parties commit to the terms of this contract.

In Helsinki, \_\_\_\_\_

Food truck entrepreneur

Stamp and confirmation by the Urban Environment Division

**Contract Terms**

**Contract**  
Food trucks

2 (6)

29.12.2017

**A contract on the right to use a public area for food truck operations****1 Contract parties**

The City of Helsinki Urban Environment Division, later on referred to as "Urban Environment Division"

The individual data of the food truck entrepreneur, later on referred to as "entrepreneur", have been listed in the basic information page.

**2 Background and purpose**

The Urban Environment Division grants the right to use city-owned areas for food truck operations. Other forms of operation are prohibited. The purpose is to improve the citizens' opportunities to buy food, i.e. mostly restaurant meals or café products and other kiosk products. Marketing, arranging an event or market square activities, by themselves, do not constitute food truck operations.

The Urban Environment Division, mainly, grants this right to all those interested in food truck entrepreneurship.

**3 Term of validity and compensation**

The agreement is valid, either

- a) during this calendar year and the following January, in which case the entrepreneur pays the Urban Environment Division EUR 1,500 + VAT per contract term, or
- b) as periods of one month, in which case the entrepreneur pays the Urban Environment Division EUR 200 + VAT per month.

The food truck's name and the contract's term of validity are published on the Internet page of the Urban Environment Division.

**4 Food truck properties**

The kiosk is a registered motorised vehicle or cart, which the municipal food supervision authority has approved as a food establishment. A vehicle or a sales cart, which was previously used for some other purpose, must be modified to fit the purpose of food truck operations.

The maximum width of the food truck is 3 metres and the maximum length is 8.5 metres. Using a larger food truck must be agreed upon separately.

The name of the food truck must be clearly visible.

The food truck must be continuously manned (a short exit e.g. to park the towing vehicle is allowed) and movable, which means that it can be gathered up and towed away quickly.

Sales must be done directly from the food truck. Sales desks or tents outside the food truck are not allowed.

## Contract Terms



**Contract**  
Food trucks

3 (6)

29.12.2017

The ground underneath the engine of the vehicle used as a kiosk shall be protected.

## 5 Available areas

The trading spots in the city centre have been defined in a separate appendix. Use of other areas managed by the city in the city centre is prohibited, excluding locations marked for parking. The Urban Environment Division has the right to appoint the food truck's location or limit the use of the area. The trading spots can be used by the entrepreneur, if the site has no on-going additional operations facilitated by the city, such as a worksite, event, snow storage and similar, or other food truck entrepreneur. If aforementioned operations take place in the area, the operator shall vacate the area.

Public areas outside the city centre managed by the Urban Environment Division, selected swimming beaches managed by the Sports Services (the list of beaches is on the Urban Environment Division's web site) and market areas managed by Helsinki Wholesale Market can be used.

The above-mentioned areas can be used as long as the following terms are followed:

- The safety of the area shall be ensured, both during the food truck operations and when moving the food truck.
- Park areas, grass surfaces or other soft surfaces cannot be used to set up a food truck.
- An area intended for cycling shall not be used as a sales area and the kiosk cannot be located in any place where it would cause any danger or obstruct or unreasonably hinder traffic.
- There must be, at least, a 2-metre wide free pathway for pedestrians, or wider, if the city so requires. In particular, when large groups of people move about, for example, due to some event, the entrepreneur must consider the location of the food truck very carefully, in order to ensure that safety is not endangered or the event disturbed.
- General parking areas or parking spaces along streets can be used, if the Road Traffic Act allows. Special attention shall be paid to the safety of street users.
- The normal use of the area should not be disturbed (for example, due to noise or odour) or disrupted.
- Rescue paths must remain unblocked.
- Traffic rules have to be followed.
- The Urban Environment Division, Sports Services and the Helsinki Wholesale Market have the right to appoint the food truck's location or limit the use of the area.

## 6 Operational principles

Only the entrepreneur or someone working for them is allowed to carry out the food truck operations. Upon a written request by the Urban Environment Division, the entrepreneur is obligated to prove, within a reasonable time frame, that the person working in the food truck is working for the entrepreneur.

The entrepreneur must obey good trading practices and respect the other operations in the area. The Urban Environment Division has the right to give orders concerning the operational principles of the food trucks, and the entrepreneur is obligated to follow these rules.

The food truck operations must not disturb the other activities in the area. If any disturbances occur, the food truck must leave the area.

## Contract Terms



**Contract**  
Food trucks

4 (6)

29.12.2017

The entrepreneur is obligated to place the permit ID received from the customer service in a visible place, for example, on a windshield.

**7 Using the area: 7 a.m. – 7 p.m. and 7 p.m. – 6 a.m.**

When the entrepreneur starts to use the trading spot between 7 a.m. and 7 p.m., the food truck can remain in place until 7 p.m. However, if another food truck is not coming to the area, the entrepreneur may continue using the spot after 7 p.m.

When the entrepreneur starts to use the trading spot between 7 p.m. and 6 a.m., the food truck must be taken away by 6 a.m., at the latest.

Sales times deviating from the main principles have been noted down in the attached map.

**8 Booking system**

The entrepreneur is obligated to use the booking system offered by the Urban Environment Division.

**9 Electricity, water and sewer connections**

Water and sewer connections cannot be made and the entrepreneur will acquire electricity at his/her own cost.

The Urban Environment Division encourages the entrepreneurs to acquire electricity in cooperation from existing electricity distribution points.

A possible electricity contract doesn't give a privilege to use a certain trading spot.

If the sales area has an electricity supply intended for food trucks, the food truck entrepreneur is obligated to use it. The use of aggregates in these areas is forbidden.

**10 Surroundings of the food truck and waste**

The city only maintains the area by regular maintenance standards. The entrepreneur must place a rubbish bin outside the kiosk.

If there is enough space around the food truck, chairs and desks can be placed in the area (a maximum of six seats).

In addition to the bins, tables and chairs, no other fixtures or structures are allowed around the kiosk.

The food truck will bring all the required equipment with it and take away all the waste generated by the operations with them and clean up the food truck's surroundings, in cooperation with other entrepreneurs, if necessary, before departing from the area.

The entrepreneur is obligated to ensure that the food truck's surroundings are safe and accessible, i.e. they should ensure that the surroundings are not slippery, for example.

No other parking is allowed in the food truck area, aside for the vehicle used for the food truck operations.

**Contract Terms**

**Contract**  
Food trucks

5 (6)

29.12.2017

**11 Damages and insurance**

The entrepreneur is obligated to compensate for damages caused by the operations or negligence of the entrepreneur to the Urban Environment Division or a third party.

The Urban Environment Division recommends the entrepreneur to acquire a sufficient liability insurance coverage for the whole contract term.

The Urban Environment Division has the right, after a written warning and at the entrepreneur's cost, to:

- remove any restriction to the public use of the area, which breach the contract and are caused by food truck operations
- repair any possible damages caused by the food truck operations

If the entrepreneur's negligence causes immediate danger to safety, the Urban Environment Division has the right to immediately take measures in order to remove the danger.

**12 Official permits and obligations**

The entrepreneur is obligated to acquire all official permits required for the operations and to fulfil all requirements and regulations (concerning food stuffs, taxation, the environment, construction supervision, employer obligations etc.). The entrepreneur has no right to use the area before all official obligations have been met.

The entrepreneur is obligated, upon a written request by the Urban Environment Division, to prove that they have taken care of all the official permits and obligations, within a reasonable time frame.

**13 Communication**

The entrepreneur commits to following the food truck-related information published on the website ([www.hkr.hel.fi/ketteratkioskit](http://www.hkr.hel.fi/ketteratkioskit) > in English) and monitoring the email address he/she has reported.

The entrepreneur is obligated to report all changes in their contact information to the Urban Environment Division in writing.

**14 Reassigning the contract**

The rights defined in the contract cannot be reassigned to a third party without written permission by the Urban Environment Division.

**15 Payment for negligence**

Neglecting an obligation defined in the contract gives the Urban Environment Division the right to charge a payment for negligence of 500 euros for all neglected issues. If the nature of the neglected issue is continuous, the Urban Environment Division may charge a payment of 500 euros every week. The payment for negligence can also be charged, even if the contract is terminated.



**Contract Terms**

**Contract**  
Food trucks

6 (6)

29.12.2017

Entering incorrect information on the basic information page gives the Urban Environment Division the right to charge the payment of negligence defined above.

**16 Terminating the contract**

The contract parties have the right to terminate the contract, on the basis of an essential contract breach by the other party. Paid compensation will not be returned, however.

If the termination is due to an essential contract breach by the Urban Environment Division, the entrepreneur has the right to receive compensation for their payments, in relation to the remaining contract term at the moment of termination.

Reconstruction obligations in the contract, and the possible sanctions concerning them, may continue after the contract term has ended.

(City of Helsinki 2017a)

## Starting Guide for Food Trucks


**Starting guide**  
 Food trucks

3 January 2017

**Would you like to become a food truck entrepreneur? Here's what to do:**

1. Find out about the official obligations and registers required by the law concerning your operations and ensure that they are up to date.
  - All obligations concerning foodstuffs, tax obligations, employer obligations, social security matters, pension matters, the trade register, prepayment register, employer register and VAT register.
  - The Public Works Department only grants the right to use the land.
  - The rule of thumb is that squares with traditional market place operations are managed by the Helsinki Wholesale Market, sports facilities and beaches are managed by the Sports Department, public sites are managed by the Real Estate Department and, additionally, private parties may own some public areas.
2. The Public Works Department requires the entrepreneur to acquire sufficient liability insurances.
  - ensure sufficient liability insurance coverage for your operations and make sure the insurance payments have been paid.
3. If you employ others, find out about the essential working terms and the applied collective bargaining agreement.
4. When planning the operations and product selection, remember to take into account the fact that there is no electricity, sewer or water connection.
5. Take into consideration that the agreement grants you the right to only a limited area. If the food truck area has other operations facilitated by the city, the food truck cannot stay in the area.
6. Please ensure that the food truck is appropriate and meets the requirements set in the contract. The food truck has to be a registered vehicle or towing device on wheels. Trading from a tent in a market place, primarily, follows the same principles as the trade of market place products. For further information, please contact the Helsinki Wholesale Market.
7. Ensure that you have read the contract terms carefully. The Public Works Department inspects the filed notifications collectively and monitors that the contract terms are followed. The sanction sections in the contract also apply to the filed reports.
  - When making the contract, the entrepreneur has to provide a statement of paid taxes (or a payment plan concerning them) and a trade register extract, which cannot be older than three months.
8. The Public Works Department goes through the contract with the entrepreneur, before it is completed in the premises of the Public Works Department. The meetings are organized when requested. Meeting requests are sent to [hkr.ulkoilma@hel.fi](mailto:hkr.ulkoilma@hel.fi).
9. When you visit the customer service of the Public Works Department in order to sign the contract, please take your identification card and an appropriate clarification of your right to represent the food truck entrepreneur with you.
  - If you represent the company, be prepared to prove your right to act in its name. This right is usually defined in the trade register extract, articles of association, record extract, letter of attorney or a similar document.
  - The contracts are only valid, at most, until the 31st of January 2018. The contract can be made for one or several months at a time.
  - The yearly fee €1860 (includes 24% VAT) until 31st of January 2018 or the monthly fee defined in the contract, €248 (includes 24% VAT) is paid to the customer service when completing the contract. We accept most debit cards and cash. Invoicing is not possible.
  - Please ensure that you are able to give the information asked on the first page of the contract.
10. Two identical copies will be made of the contract, one for each contract party.

Street address: Elimäenkatu 5, Helsinki 01  
 Postal address: Public Works Department, P.O. BOX 1500, 00099 CITY OF HELSINKI  
 Phone+35893101661, telefax +358931038674  
[www.hkr.hel.fi/www/hkr/en](http://www.hkr.hel.fi/www/hkr/en)



(City of Helsinki 2017b)

## Interview Questions

1. In your own opinion, what is a successful and failure food truck?
2. What factors are most important that can contribute to the success of a food truck? Name three factors and explain.
3. What kind of factors can damage your food truck badly? Could you explain them?
4. What is the best decision that leading to the success of the business?
5. What is the worst decision that you have made when operating the food truck?
6. Do you have any recommendation for people who are going to open a food truck?

## Summary of successful food truck definition

	Branding	Finance	Operation	Customer value	Personel
OF1	- Foundation for a restaurant (later)				
EF1	- Foundation for a restaurant (later) - Favorite place in Helsinki for a unique and delicious Japanese snack			- New snack (street food)	
OM2	- Support the restaurant branding	- Profit 100% per season (4-6 months) eq. 10-15K EUR	- Survive five seasons - Expand one more each year		- No significant change in personnel after 4 years
EF2	- Promote a restaurant (later)	- Profitable			
OF3	- Promote the branding	- Profitable	- Available 4-6 months - Attend 4-8 events/ year		
EM3	- Promote the existing brand	- No loss			
OM4		- Profitable			
OF5	- Customer know the product - Promote brand (later a restaurant)	- Profitable - Finance source for development later - a restaurant		- Knowledge and happiness (e.g. an honor music show in April)	
OF6		- Profitable			

## Sampling's definition of failure in his/her food truck

	<b>Finance</b>	<b>Branding</b>	<b>Other</b>
<b>OF1</b>	- Cannot cover operation cost		- No such total failure, just a trouble for the business (Accept the loss at the beginning)
<b>EF1</b>	(Lower sales) - Loss	- Do not adapt to the product and model - No longer purchase products	
<b>OM2</b>	- The financial source cannot cover costs in closed seasons	- Unable to promote the existing restaurant brand - Unable to keep loyal customers after closed periods	- New personnel - Unable to get a fixed location after three years
<b>EF2</b>	- Not profitable.	- Unable to promote the restaurant - Lower reputation of the existing restaurant.	- Not functional (Set up time)
<b>OF3</b>	- Cannot cover operation cost itself	Does not visible enough	- No need for profit in the first two years (Could ask for assistance but not money)
<b>EM3</b>	- Loss		- Not enough customers visiting
<b>OM4</b>	- Loss		- Time and effort worse than working for someone else.
<b>OF5</b>	- Loss - Running out of capital	- Product branding: no impression or not tasty.	- Do not bring any value to customers.
<b>OF6</b>	- Not profitable		

### Success Factors in Food Truck Operation

	Human	Product /Menu	Location	Marketing	Finance	Operation
<b>OF1</b>	Staff >> Consistency in product quality Staff's character: multitask, teamwork, (seasonal) ^ Human resources	Product quality (ingredients) Quality consistency	Outstanding (+)	Marketing on point Online marketing (periods) but not effective >> New product, events, campaign. Branding based on human Word of mouth	^ Finance resource preparation	^ Preparation in advance the administration process ^ Timing
<b>EF1</b>	Staff >> Consistency	Menu (favorite products) >> Sales (directly affect) Quality >> Experience = Adjust menu after a period (demand) ^ Market research (target customers' demand and eating hobby, etc)	Traffic (city center, near malls, railway stations) << Customer attraction, customers behaviors (takeaway and go), cheaper/quicker offers than restaurants	(Costly: resource)		Low fixed cost (location, weather) >> Profit - related = Lower fixed cost (process, logistics, packaging but not ingredients)
<b>OM2</b>	Staff	Menu (special) >> Customer visit	Traffic (+) >> Customers (loyal customers)	Decoration (catchy, bright) >> Impression		= Festivals >> other income to cover operation cost,

**Success Factors in Food Truck Operation**

	<p>&gt;&gt; Serving speed and customer service</p> <p>= Staff speed: fast</p>	<p>Quality consistency</p> <p>&gt;&gt; Customer return</p> <p>= Different menus for seasons (summer/winter)</p> <p>= New menu for each festival</p> <p>&lt;&lt; Supporting kitchen</p> <p>^ Menu: Not many dishes but sauces instead</p>	<p>are not real target)</p> <p>&gt;&gt; Ease for customers to return</p> <p>= Festivals &gt;&gt; does not rely on fixed location</p>			<p>compensate, simply profit days</p> <p>= Prep (handy outcome)</p> <p>&gt;&gt; Less work for staff</p> <p>^ Operation: neat and clean</p> <p>&lt;&lt; Limited condition</p> <p>&gt;&gt; Ease in preparation</p> <p>^ Fast reaction on popular events</p> <p>^ Research: (Administration) few months in advance</p>
<b>EF2</b>	<p>Staff (standee): outgoing, friendly and sales, multitask</p> <p>= Outgoing sales staff</p>	<p>Menu: suitable for particular events</p> <p>Menu:option: eat-in/takeaway, hot/cool, food/drink</p> <p>= Price based on customers demand (increase/decrease daily)</p>		<p>Attraction: colorful, clear sep up (table, tissue), music</p>		<p>Hide kitchen problem (lack of ingredients, mistake, etc)</p> <p>^ Plan for the operation</p>

### Success Factors in Food Truck Operation

		^ Products: only those available, lack of ingredients, consistency, hygiene and food safety, fixed price				
<b>OF3</b>	Operator (knowledge and experience) >> Strategy	Product (+) - Menu - Pricing - Quality (could be simple but must be high-quality) - Trendy = Decrease in price and smaller proportion >> More customers Pricing strategy (reasonable to high, based on food complexity and kitchen efficiency).		= Catchy uniform >> Impression	Finance (-) not as important as a good plan	Sufficient facility (water supply, electric, etc) >> Affect serving speed (fast/slow) Fast: - Moving from place to place (e.g. central kitchen to the food truck, parking to serving point) - Weather - Traffic - Timing (clean/serve)  ^ Attention on routine (check up)
<b>EM3</b>	Staff: - Sales skill - Coworking  Operator:	Suitable menu for festivals and customers' drinks	Location (traffic)			Sale up >> Recommend suitable food for customers' drink



**Success Factors in Food Truck Operation**

	<ul style="list-style-type: none"> <li>- Training staff (time-consumed)</li> <li>- Managing &amp; coordinating</li> <li>- Network</li> </ul>	<ul style="list-style-type: none"> <li>= Free sponsored drinks</li> <li>^ Market research (price, favorited taste, etc)</li> </ul>				<ul style="list-style-type: none"> <li>Management system (human, logistics)</li> <li>= Found sponsors (tea, vitamin drink, etc.)</li> </ul>
<b>OM4</b>	<ul style="list-style-type: none"> <li>Staff (+):</li> <li>Hard-working</li> <li>&gt;&gt; Operation time</li> <li>&lt;&lt; Tough weather, high cost in events</li> <li>^ Quick learner, experience requirement</li> </ul>		Location	= Advertising (on point only)		= Improving serving quality
<b>OF5</b>	<ul style="list-style-type: none"> <li>Staff's attitude</li> <li>- Emotionally cheerful (+)</li> <li>&gt;&gt; Problem solved</li> <li>- Constructive comments</li> <li>- Learning attitude</li> <li>Customers/friends: supporting comments</li> </ul>	<ul style="list-style-type: none"> <li>= Add trendy food on the menu (summer roll)</li> <li>= Upsize option for drinks</li> </ul>	<ul style="list-style-type: none"> <li>^ Location (research, the tradeoff location and renting price)</li> <li>^ Better research (relationship)</li> </ul>	<ul style="list-style-type: none"> <li>Marketing</li> <li>- Social media (post, review, leaflets)</li> <li>- On point</li> <li>(Costly marketing: human and finance)</li> </ul>	<ul style="list-style-type: none"> <li>Finance (capital)</li> <li>&gt;&gt; Revolving</li> </ul>	Customer relationship

**Success Factors in Food Truck Operation**

	^ Manager/Co-founders: same mindset and development strategy					
<b>OF6</b>	Staff attitude (not skills)	Product quality (-) not an essential factor because of its popularity	Location (+) >> Traffic  ^ Most important factor	(-) Marketing online << Popup		

Note:

(+): Important factor

(-): Not important factor

>>: Result in

<<: Resulted from

=: Decision

^: Suggestion

**Factors to avoid**

	<b>Human</b>	<b>Product</b>	<b>Location / Weather</b>	<b>Marketing</b>	<b>Operation</b>
<b>OF1</b>	Staff >> Inconsistency quality	Inconsistent quality << Staff  New >> Challenging	Expensive  Bad weather		
<b>EF1</b>	Staff >> Inconsistency quality	Inconsistent quality product << Product	Expensive		High fixed cost (location, food cost) No attention to customer behavior
<b>OM2</b>	Change in staff >> Retraining >> Lose loyal customers	Improper product to the festivals	Fixed location in an improper area  Bad weather		Underestimate number of customers (500><1000)
<b>EF2</b>	Inconsistency in staff (training)	Hygiene		Not good enough branding	Improper music style  Underestimate sales  Bad logistics >> Tired staff but not productive (logistics)  No management

**Factors to avoid**

<b>OF3</b>	Language (customer service)			Unclear presentable menu  Not attractive presentation - No smell - Quiet outlook (not active)  Language barrier (display, menu)	Ignoring routine check up  No management system << Young operation  Depends on drivers  Late registration for food truck
<b>EM3</b>		Asian fusion (not suitable in the festival) >> Less sales	Bad location (event)	Not fresh food display	Logistics issue << Underestimate sales
<b>OM4</b>		N/A << Popular product	High competition Bad weather	Unclearable menu (outside)	High fixed cost << Long operation in summer
<b>OF5</b>			Far from city center	Unclear presentable menu << Agreement Quiet outlook Not reach many people	N/A << Young operation
<b>OF6</b>	N/A << Machine made, simple process	N/A << Popular product	N/A << Outstanding location	N/A	Late launching

Note:

&gt;&gt;: Result in

&lt;&lt;: Resulted from