

# [Food a rocketed boom. despite fierce competition within](https://assignbuster.com/food-a-rocketed-boom-despite-fierce-competition-within/)

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FOOD TRUCK BUSINESS PLAN  Food trucks are commonly seen in foreign countries and considered athriving business there, but in Pakistan this trend is not very common. Overthe last few years food industry has gained quite lot of attention and peopleare becoming more open to changes. This particular industry in Pakistan seen to be undergoing a rocketedboom. Despite fierce competition within the industry, it has managed to reportprofitability and is well-received by the public. In Pakistan, statistics have revealed that the fastfood industry is the second largest industry, with approximately 169 millionconsumers, as reported in 2013. Furthermore, this sector accounts for 16% ofthe total employment in manufacturing sector. An industry with such dynamicshas a great probability of exceptional growth in future as well. Within this industry, food truck would be a new concept for most of thePakistani’s.

As we all know Pakistani’s love to eat, and they have recentlyopened themselves to new food experiences. Accordingly, we believe that withthe right marketing strategy we can make our business thrive.  DETAILED DESCRIPTION OF OUR BUSINESS  The food truck Business is a mobile food business that would providefood services to customers. The truck carrying the food would drive to asuitable location within easy access of customers so that they can easily walkup to the truck’s window and order their food.

Only healthy and hygienic foodwill be served in our food truck that is both tasty and affordable. A food truck can carry quite a variety of foods and some sophisticatedequipment for cooking, storing, preparing foods and serving. Traditional foodtrucks were known for providing lunches, typically sandwiches, kebabs, burgersand other standard fare for the lunch crowd. Food trucks are larger than carts. The trucks can handle more businessas they can carry more food. However, food trucks need more space to park bothwhen doing business and when off-duty. There are two types of food trucks.

One is the mobile food preparationvehicle (MFPV) where food is prepared as customers wait, hopefully not verylong. The other is the industrial catering vehicle (ICV), which sells onlyprepackaged foods. For our business we would drive an MFPV (mobile foodpreparation vehicle) as this fits our business description. We would preparethe food on the spot for the customers so as to keep the food fresh andhealthy. Vision Statement: The food Truck will help provide community with healthy, sustainable, affordable and simple food that is both pleasing to the eye and tasty. Mission Statement: To become the most popular and successful food truck in Islamabad byproviding a complete package of tasty, healthy and affordable food with qualitycustomer service on wheels. Value Proposition: The Food Truck provides the solution of convenience to consumers inIslamabad area, by offering healthy and sustainable food at a competitiveprice.

The value proposition reaches the consumer, as it provides sustainablesolutions to many of their environmental and social problems such as affordabilityand hygiene. The food truck is a value driven business that provides accessibility, high quality sustainable food, convenience, all that at comparatively lowprices. Our truck provides our customers with accessibility and convenience inthree ways as mentioned below: 1.

Byproviding healthy meals quickly. 2.      Makingthe food in front of the customer so it ensure hygiene 3.

By driving near customer’sworkplace so they can easily have good food within their lunch break and reachoffice in time. Another competitive advantage is that the food will be consistent inquality, taste and price and this service will be reliable. Our business will focus towards providing thefollowing values to our consumers: 1.      Qualityfood 2.      Accessibility 3.      Convenience 4.

ReasonablePrice 5.      FriendlyEnvironment 6.      Sense ofcommunity   INDUSTRY ANALYSIS  Porter’s Five Forces Framework:  Threat of New Entrants: The Fast Food/Restaurant industry in Pakistan is highly fragmented; occupied with many quick service and dine in restaurants and numerous cafes andcoffee shops including café burnout or papa roti.

These brands are extremelyvaluable, boasting strong customer loyalty and recognition; indicatingconsistent quality and service. Key players including chaaye khana and street 1Cafe adapt their marketing orientation to suit local cultures and social norms, strengthening the brand and avoiding consumer alienation. Established cafes and restaurants have the resources to retaliateaggressively through pricing promotions, deterring new players from enteringthe marketplace. New entrants lack economies of scale, which existing cafeshave developed over time, and utilize to remain competitive in this low-margin, high-turnover industry. However, social media websites have evened the playingfield in terms of marketing communications; they allow firms to efficientlycommunicate their message inexpensively. Initial capital outlay and fixed costsare low, encouraging new entrants. In this situation we would be one of a kind food truck.

However, theimitability of the product is such that the threat of new entrant is very high. In these circumstances or brand identity and customer loyalty are the onlythings preventing new entry. Threat of substitutions: Substitutes are readily available. Fast food products and readymadeproducts are available in any nearby restaurant, dine-in and cafes. However, convenience is the value adding component of the service which reduces thethreat of substitutes but with many differentiated players and varying serviceofferings, customers can select the best value option. Consumers can cook athome cheaply, but this lacks the convenience element which people requirenowadays. Even though the switching between substitutes is low and market ishighly fragmented, we would any edge over other cafes, being a one of a kindfood truck in the area.

,. Power of buyers: The market’s competitiveness increases buyer power and customers areprice sensitive with no or low switching cost between providers. However, keyplayers attempt to reduce buyer power, offering a product range which catersfor the entire demographic, rather than one specific segment. For example wewould target youth with our snacks menu and attract professionals by providingdifferent fast food choices like sandwiches, soups, salads and beverages. Already present fast food services target the segment, for which the productsoffered by them are well affordable as compared to their total spending. Highbrand value and customer loyalty has reduced buyers’ bargaining power.

Buyerpurchase criteria in this market is primarily based on convenience and enjoyinggood quality food. Power of Suppliers: A fast food truck selling on quality core characteristic cannot affordto compromise on quality. The quality of the produces has to meet certainstandards. The suppliers are not highly differentiated in this industry that isif quality is not met by one supplier a switch can between suppliers, so as tonot compromise on quality Competitive Rivalry: The direct competitors of our food truck would be eating places CafeBurnout, Clique Café, Kuch Khaas Gallery Café, Gloria Jean’s and Pappa Roti andindirect competitors include all the thelay walas as well.

Competition isprimarily cost based with restaurants and cafes continuously investing in theirproduction and service processes to undercut competitors. Exit costs are low and branding is the most prevalent weapon forcompeting, mostly through social networking sites.  PEST Framework  Political: Political factor can have the major impact on threat of entry. In acountry where there is uncertainty and definite political unrest; lead to anegative impact on potential investors. The firm has to abide by the policiesand market regulations imposed by the government of Pakistan. The level ofcorruption is high and fast food services may use unethical ways to increasetheir profit margins. Economic: Due to the high income disparity and the adverse economic conditions, unemployment is on the rise due to which the labor cost is decreasing, increasing the wealth of already well off people which is our target market, aiding in the growth of fast food services alike.

The products and serviceoffered by them are under the disposable income of our target market. Inflationwhich is high in our target region, may provoke higher wage demands fromemployees and raise costs. Social: Due to increasing Health Awareness and consumers’ changing Attitudetowards healthy products it is now important for fast food services to offerhealthier selections within their menus. People are now more status consciousin our society, opinions and attitudes of other people matter. Even the choiceof place to eat is considered important and signify your status.

Consumers nowprefer these high end café, fast food services and restaurants. Increasingconsumer awareness about food products, flavors and tastes has led to a demandin more varieties to choose from. Convenience is also an important factor inour society which constitutes a segment of working class which prefer a fastfood service, dine-in restaurant or a café than to cook at home. Technological: With the advancement in technology and innovation the efficiency ofoperations can be increased. Technological Innovations attracts peopleattention and can be an edge for the operating firms. Modernist-Technologicalthemed café, fast food services and restaurant with for example Wi-Fifacilities and soothing music playing in the background are getting moreimportance in consumer’s mind.  MARKET AUDIT  Market: The market in this scenario for us will be the region of Rawalpindi andIslamabad to begin with.

Depending upon the reaction we receive from the marketas well as the time needed to understand the market and the people’s reactionto it; we will consider expanding to other major cities in the country. Our target market will range from about 15 to 40. The range of peoplemostly comprise of teenagers and young adults that like to eat out or on the goas well as corporate people that are short on time and care for a quick andhealthy meal on a hurried basis. We will target places like F-8 Markaz and BlueArea which are the hub of corporate ventures yet often lack the aspect of quickand healthy meals in the surrounding area. We also intend on targeting the youthpresent in universities across the two cities who are interested in fresh andhealthy food which is different from what their daily dose of repetitive foodseems to be. The pricing of our food will also accordingly cater to the targetmarket at hand and we will work on providing food as cheap as possible. Competition: Our competition in this case we would consider to be all the restaurantsin the areas that we will aim to cater to as they are alternatives to ourservice. Certain trucks of ours will constantly be on the move and will stop atwhatever area seems appropriate to a food truck.

This can range from areas likeGol market in F-7 which is popular in times of cricket season as people allgather to watch the match on the big screen, certain melas around the citywhere we can set up our truck and provide fresh and hot food, commercial and shopping areas across thecity during the time of Eid, such as PWD shopping area, Commercial Marketitself etc. As our food will be mobile depending upon the need and demand, thecompetition for us will also differ and range depending upon the areas we arefocusing and ranging upon. Certain areas like F-8 markaz will lack incompetition as there are very few restaurants in the area which the corporatemarket has access to and the option of eating in. We could also consider one aspect of our competition to be the thelaywalay outside of schools and colleges as they also provide on the go mobilefood, however, the type of food they provide are mostly snacks and do not havethe same type of food as out food trucks will e. g salads, burgers, sandwiches, pasta etc. We will test our different menus to begin with and see which suits bestwith the people.

There might be certain types of food popular in one area, likefast food in universities, which we could cater to in that particular areaalone or even have specific food trucks that offer one type of food while otheroffer other types.  ENTRY STRATEGY: The business would have the first movers’ advantage in the market as nosuch direct competition is present in the market for a food truck. The businesswould also have a novelty value of being one of its kind, which can beultimately utilized from the marketing perspective.

The food truck would be the producer and distributorof its own service, i. e. it will fall in the middle of the supply chain betweenits suppliers and its customers. This is the best method to ensure qualitywhich has been our main focus throughout. One thing to consider is that we will be starting withIslamabad and Rawalpindi region, where we will be required to have a permit forthe business. We would have to get a license from the Directorate of MunicipalAdministration of the civic authority before starting any commercial activityin the federal capital.

The licenses will have the whole information of thebusiness and the business-holder. The following procedure isrequired to be followed to register and set up a business. \* 1.     Obtain approval of company namethrough the Securities and Exchange Commission of Pakistan website 2.     Pay the fees for nameregistration and company incorporation using bank challans at the designatedMuslim Commercial Bank (MCB) 3.     Register the company forincorporation with the Securities and Exchange Commission of Pakistan (SECP)through online e-Services 4.     Obtain digital signatures fromthe National Institutional Facilitation Technologies (NIFT) through the SECPe-Services 5.     Register for income tax byapplying for a National Tax Number (NTN) at the tax facilitation center of theRegional Tax Office (RTO) of the Federal Board of Revenue (FBR) 6.

Register for sales tax byapplying for a Sales Tax Number (STN) at the tax facilitation center of theRegional Tax Office (RTO) of the Federal Board of Revenue (FBR)7.      Registerfor professional tax with the Excise and Taxation Department of the District 8.      Registerwith the Employees Social Security Institution (ESSI) 9.      Registerwith the Employees Old Age Benefits Institution (EOBI) 10.

Register under the West Pakistan Shops and Establishment Ordinance 1969with the Labor Department of the District After having gone through the procedure we shall move on to the designof the business canvas model which gives a visual representation of thebusiness details.              \*Information obtained from theWorld Bank Group:  Subnational Doing Business in Pakistan 2010 data for Islamabadhttp://www. doingbusiness. org/data/exploreeconomies/pakistan/sub/islamabad/? topic= dealing-with-construction-permits#starting-a-business