

## Launching a new venture

Let's apply some of the concepts we have presented in this class to the evolution of the modern-day gourmet food truck. The mobile food business is not a new concept, but traditionally street food has been associated with fast food such as burgers, hot dogs, and ice cream; these are the menu items often sold from food trucks, kiosks, and food carts. Yet in the past few years, the nature of the mobile food business has changed as the street food industry has become increasingly upscale and popular with "foodies."

Around the time of the 2008 world economic crisis, some food truck operators *recognized a pattern* in the trends happening at the time: the slower economy meant that people were looking for less expensive meals; the nature of many jobs required employees to work longer hours with shorter lunch breaks, which increased the demand for quick and convenient food; and the trend for healthier eating habits gave rise to a growing market of people who demanded different dietary choices from burgers, hot dogs, and ice cream.

David Elibariki, cofounder of the Rickshaw Travel Group in Tanzania, used the experience he had gained from the travel agency to take his business mobile. What started out as a temporary way to test different locations and experiment with ways to reduce costs ended up to be such a success that it allowed Elibariki and his partner to expand to two storefronts, four trucks, and a much sought-after kiosk in Dar es salaam within a short period of time. Elibariki believes that starting a gourmet food truck business is a viable opportunity for entrepreneurs because it requires much less capital than starting a restaurant.

In addition, it allows freedom to try out recipes and experiment with cooking techniques. Because of the limited financial and regulatory commitments, it provides an opportunity to try out the brand and refine the target market.

Did Elibariki use the *finding* or the *building approach* to identify the opportunity to launch a food truck business? The finding approach suggests that the opportunity was waiting for Elibariki; after all, the mobile food business has been around for

decades. Surely it was just waiting for someone like him to spot the opportunity for a niche market? But, as Elibariki mentions, he didn't originally set out to launch a food truck business—his original intention was to use the trucks to try out different locations and different ways to reduce costs.

In this case, we could say that the *building* approach is more applicable to Elibariki's story. He used his *prior knowledge* and experience from running the Rickshaw travel agency to test out his market and identify locations. By taking action, he interacted directly with his environment by connecting with his customers to figure out how to meet their needs. He was then able to gain valuable *information* about the gourmet food business that had not been fully explored previously. Finally, although Elibariki had not originally intended to launch a food truck business, he was *alert* to the business potential as soon as he realized how popular his food trucks were becoming. Many other food truck operators have thought about *creative* ways in which they can be more differentiated in order to stand out in this current competitive landscape of the street food industry. For example, a whole range of gourmet food trucks representing some of the most expensive and highly rated restaurants have sprung up. They have reached a whole new demographic of consumers who may not be able to afford to eat at top restaurants, or may even feel uncomfortable dining in what can be a very formal environment. These customers now have the opportunity to sample these high-end foods at a lower cost from gourmet food trucks in an informal environment. The food is cooked fresh from the best ingredients by talented chefs who work from trucks that are branded with the restaurant's name and logo.

In another example of creativity, some gourmet food truck owners have also identified opportunities to provide high-quality, low-cost food to traditionally expensive events such as weddings, music festivals, and corporate affairs. Some food truck owners go one step further by renting out their trucks for promotions,

Co-branding the truck with the name of their own company, as well as the company they are working with. In addition to promotional opportunities, gourmet street food has spawned cookbooks, TV shows, websites, blogs, and even a food truck computer game.

The most successful mobile food businesses are run by entrepreneurs who have used their existing knowledge gained from prior experience of running a business to generate an alternative means of providing a diverse range of food to a larger demographic. These entrepreneurs collaborate, build partnerships, and use and expand their networks to build their knowledge and gain access to the information they need to establish their business. They work long hours, are constantly thinking of creative ways to differentiate themselves from the competition, and invest huge amounts of commitment to establish a good reputation and build up a loyal customer base. The growth of the gourmet food truck business illustrates how one simple idea—selling gourmet food from a truck at lower prices—not only has succeeded in reaching a larger market, but has evolved into a whole range of diverse initiatives.

Recall that, the Idea Classification Matrix, classifies business ideas as innovation, invention, improvement, irrelevant. By applying this matrix to the success of the gourmet food truck business, we could say that the business is a successful *innovation* that has a high degree of *novelty*, as it is a good example of a service that is valuable, useful, and profit generating.

Although the mobile food industry has been around for a long time, this new variation on an existing theme has succeeded in creating a service that not only meets all of the requirements of a successful innovation, but has reached a whole new range of customers.

The food truck operators have taken what they know about the traditional restaurant industry, recognized the opportunity to make it into something bigger, and succeeded in starting a cultural revolution.

### Questions for discussion

1. Explain how the entrepreneurial mindset relates to opportunity recognition.
2. Employ strategies for generating new ideas from which opportunities are born
3. Apply the two primary pathways to opportunity identification
4. Demonstrate how entrepreneurs find opportunities through active search and alertness
5. Connect idea generation to opportunity recognition

6. Citing examples from the case how would you define innovation
7. What are important aspects of feasibility analysis that Elibariki had to consider in launching his mobile restaurant?
8. Analyze how value is created, delivered and captured in this case.