



Hungry In, Happy Out

Food Truck Business Plan

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Hungry In, Happy Out

Food Truck Business Plan

EXECUTIVE SUMMARY

PROJECT BACKGROUND

Definition: The proponents' chosen medium of business, the food truck, is defined by the City of Raleigh, North Carolina as a "licensed, motorized vehicle or mobile food unit which is temporarily stored on a privately-owned lot where food items are sold to the general public".

Background: In response to the needs of the growing number of people who are away from their home in the city, and the opportunity of having only a few competitors in the market, the proponents have conducted a feasibility study to determine the market viability of launching a food truck business and use the data to construct a business plan that will start off from Iloilo and expand throughout Panay and eventually to the whole Philippine territory.

Purpose: The Hungry In, Happy Out Business Plan tests the hypothesis that the demand of the target market of people who are on the go could be satisfied by the entrance of a mobile food truck to the market and that it would be a profitable attempt.

FINDINGS AND ANALYSIS

Product, Target Market, and Feasibility: An online survey was conducted to people living near cities all over the Philippines, but the majority were from Iloilo City. Over 70 respondents participated in the survey. All the respondents were willing to buy from a food

truck if there was one regularly available in a certain place at a certain time. The highest demand is during noontime, since majority (77.1%) eat out at this time, with the willingness to pay ranging from Php50.00 to Php150.00 (99%). Additionally, food choices were put in the survey to determine the food that will most likely be the bestseller. The one that topped in the meal category was *adobo*, with 73.6% respondent preference. In the side dish category, the *shredded corn* and *tortang talong* (72.9% preference). In the snacks category, the top choice was *siomai* with 85.7% of the preference. Lastly, the top drink was *mango shake*, gaining 78.6% of the total votes. The respondents also chose Facebook (80%) as the advertising site to promote the food truck.

Business Model: To determine if the Hi-Ho food truck can operate profitably, a reasonable estimation was developed to project the costs and revenues of the business if it launches. The projections were based on the business model, and inputs were derived from the surveys conducted by the proponents. In a year, the business estimates its revenue to be around P1,764,000.00 and its expenses to be around P1,368,000.00.

Marketing Strategies: From students to office workers or even to simple passersby, the Hi-Ho Food Truck is ready to take on the challenge of converting hunger into happiness; thus the business name. Hungry In, Happy Out has taken two common concepts together: fast foods and homemade Filipino dining experience. The overall marketing strategy revolves around these combined concepts. Hi-Ho will convince the target market that a food truck business offering Filipino dishes with the convenience of a fast food will be perfect for their on-the-go needs through social media and discount coupons. Aside from that, the proponents will make sure that the price of the menu items are within the range of our market's willingness to pay.

Trademarks: Hi-Ho has its very own logo that represents its Filipino theme and the *Hungry in, Happy out* concept. This will be the trademark of the business.

COMPANY DESCRIPTION



Vision: Bringing home into the streets through serving meals specially tailored to the Filipino tongue.

Mission: We make sure that each of our lunch boxes comes out warm and happy, just like home.

Upon realizing that more and more students and office workers go to faraway places to study or work, the researchers of this paper found that in moving, one not only moves closer to the work place but also moves farther away from home. According to Livestrong.com, this separation from home causes sadness called "homesickness" and is usually felt by college freshmen and immigrants.

Hungry In, Happy Out food truck aims to solve this homesickness of these individuals. As BBC suggested, hanging on to some of home, specifically food, can help in coping with this emotional state. Hungry in, these individuals come to a new place with bellies hungry

for home. However, the company aims to make these individuals feel 'happy out' by satisfying their cravings!

The food truck is very accommodating not only to these people. HI-HO also welcomes those who want a little twist to what their eating every day. Taking the old and adding a splash of something new, HI-HO will not leave without the customers feeling happy!

"HI-HO: Hungry In, Happy Out" Food Truck will start serving with smiles homey dishes specially tailored to the Filipino tongue. Hearty meals topped with happiness will tour Iloilo City very soon!

Picture 1: Logo – Featuring Hoan

Hi-Ho: Hungry in, happy out. The logo literally shows what the company wants the customers to feel. The company's mascot is Hoan: an ordinary individual thriving to achieve his goals in life. Before going to Hi-ho's food truck, Hoan is drained, hungry and searching for something that will satisfy his soul. When he entered Hi-ho's food truck, he will experience a taste and savour 'lutong-bahay' Filipino foods with a twist. For sure, he will feel nostalgic to what his mother cooks back then and at the same time be mind-blown by the tweaks of these Filipino dishes innovated by the proponents. Hoan will definitely leave Hi-ho happy, satisfied and contented. Every single person is Hoan; all of us have goals that we need to achieve. The proponents are sure as well that individuals like Hoan would leave Hi-ho happy and nostalgic.



PRODUCT

The proponents conceptualized the HIHO box, which brings a creative and packed meal for everyHOAN.

HIHO meal/viand - (1) Adobo, (2) Lechon Kawali, (3) Chicken Wings, (4) Pork Chop, & (5) Beef Steak, jam-packed with (1) Shredded Corn or (2) Atsara or (3) Ensaladang Talong or (4) Tortang Talong or (5) Kangkong Blanched.

The HIHO meal can be paired with tasty and zesty fruit shakes, or the snack offers (1) Kamote Fries, (2) Lumpia, and (3) Siomai.

RICE MEALS

Adobo sa Kamatis

Php 50.00

Short Description: Adobo sa Kamatis is a new variety of Filipino Adobo dishes. In making this, the only difference is that to sauté it with tomato to have a fascinating after taste.

Lechon Kawali

Php 70.00

Short Description: Lechon Kawali is listed at the top of every Juans' heart. With the crunchy taste and added aroma of 'tanglad,' our Lechon Kawali will surely captivate your taste buds.

Chicken Wings

Php 50.00



Short Description: Chicken is one of the favorite meat eaten by Filipinos. Hi-Ho brings you a special menu of Chicken Wings blended with a unique sauce that brings the old and the new together.

Pork Chop

Php 55.00



Short Description: Hi-Ho's simple yet savoury Pork Chop will surely satisfy your hunger. A pork recipe that is marinated with lemon zest and herbal condiments will certainly linger in your memories.

Beef Steak

Php 50.00



Short Description: Beef steak or Bistek is now one of the dishes that captivates everyHOANs' taste. HIHO offers a haunting taste for this dish.

SIDE DISHES

Shredded Corn

Php 10.00

Short Description: Need a delicious and nutritious snack on-the-go? Our readymade shredded corn is just for you!

Atsara

Php 10.00

Short Description: Are you out for a nutritious but mouth-watering food? Then, the Papaya Atsara fits you well. This side dish also complements the taste of viands presented in this proposal.

Kangkong Blanched

Php 10.00

Short Description: Experience a taste of delicious leafy side dish.

Tortang Talong

Php 22.00



Short Description: Tortang Talong is not unusual to the Filipino culture, but HIHO takes it to a different level. This Tortang Talong is fried with minced carrots and potatoes. In other words, you are looking at a full packed veggie Torta.

Ensaladang Talong

Php 10.00

Short Description: HIHO just can't get enough of eggplants! The nutritious Ensaladang Talong with its tomato toppings is a side dish you want to eat more of.

SNACKS

Kamote Fries

Php 20.00



Short Description: What looks like your typical fries is the exact opposite! Packed with more fiber and less calories, kamote is what our company turns to in order to promote a more cultured food truck.

Lumpia

Php 20.00 / 3 pieces

Short Description: Lumpia is a traditional Filipino food but HIHO delivers a different sweet taste for everyHOAN.

Siomai

Php 20.00 / 3 pieces

Short Description: Siomai is a traditional Chinese dumpling. This tasty dumpling has made its way to the heart of everyHOAN. Usually cooked through steaming, some siomai are also served fried complemented with soy sauce, fish paste, and calamansi.



Siomai and Lumpia

DRINKS

Thirst comes with hunger. HIHO offers various fruity thirst quencher juices and shakes to add up to your meal. The following are the different flavors we offer (16 oz):

- Mango – **Php 28.00**
- Buko – **Php 28.00**
- Apple – **Php 28.00**
- Banana – **Php 28.00**



TARGET MARKET

A target market is a group of potential customers that a company tries to reach out to. They are the people who will most likely buy the products the company sells. Identifying the target market is one of the most crucial steps needed when starting the business. Knowing the customer market will help the company modify their business to those they will be able to sell to.

People

Characteristics of a typical customer need not be personal but should pertain to geographical location, lifestyle, disposable income, or hobbies. These customers gain the most benefits, have the greatest need for the products and/or services, have the ability to pay for them, or those who buy the biggest quantity of them on a regular basis.

The target market of this study is primarily of men and women of free ages which include:

- Office employees wanting to have fast service for their 1 hour lunch break
- College students who looks for unusual food that can go with their budget
- Bystanders
- Passers-by whom we could attract

Place



The target place in the study is within Iloilo Province. It will eventually expand in Panay Island, composed of Iloilo, Capiz, Aklan and Antique, to the rest of the Philippines. The truck will stop by on parks, outside the hospitals, corners of schools, and along the roads wherein there are many expected customers.

Starting off in Iloilo City, the HIHO Food Truck will follow a route that connects the most visited land marks in the city such as the Calle Real, the River Esplanade, etc.

After two weeks, the company will have done the beginning phase of the startup. After Iloilo City, the food truck will still follow the work routine but will have a route with a much bigger scope. It will be exposed to all of Panay following the national highway route, which connects all the provinces in the country. Specifically, it will pass through the Iloilo province, Capiz, Antique, then off to Aklan. This pattern will also be followed when the food truck reaches the Mindoro Island as it rides a roll-on/roll-off ship, which are designed to carry cars, trucks, etc. It will go through Rizal, Sablayan, Mamburao, Abra de Ilog, and lastly (for this island), Puerto Galera. Another roro will take the food truck to the next island and start off with Batangas. From there, it will follow the highway going to Quezon City, Tarlac, Baguio, and then to Laoag City.

To introduce the food truck to the rest of the country, the company has decided to follow the 'Maharlika Highway' from Laoag all the way to Zamboanga City.

Price

A target price is a market analyst's expectation for the future price of security. This provides insights to investors and instructions about when to buy and sell.

In the survey that was conducted, the customers' willingness to pay for the products range from 50-150. The proponents based the pricing of the food on this range.

Report 1: SURVEY REPORT – FEASIBILITY STUDY

For the feasibility study, a survey was conducted online and the respondents were comprised of students aged 14-19 years. The respondents came from all over the Philippines with at most 50% coming from Iloilo province.

Out of the 70 respondents, 85.7% said that they were aware of the existence of food trucks while 14.3% were not. 62.9% of the respondents also had experienced buying from food trucks and 37% had no experience but were willing to try.

The respondents chose three factors to consider in buying from food trucks. First is the convenience, second is the safety of the food and the location, and third is its

nature of being "on-the-go". The survey also showed that the respondents were most likely to buy from food trucks during lunch time.

Regarding the food, for the main dishes, of the 10 choices presented, the top 5 were chosen by the respondents and were the following:

- 1. Adobo sa Kamatis*
- 2. Lechon Kawali*
- 3. Chicken Wings*
- 4. Pork Chop*
- 5. Beef Steak*

Basing on this result, the top 5 listed above will automatically be added to the menu. Adobo sa Kamatis and Chicken Wings are chosen as the presumptive best-seller.

For the side dishes, the top choices are the following:

- 1. Shredded Corn*
- 2. Atsara*
- 3. Kangkong*
- 4. Talong*

For the snacks, the respondents chose the following as the top 3:

- 1. Kamote Fries*
- 2. Lumpia*
- 3. Siomai*

For the drinks, the top 3 choices are:

- 1. Mango shake*
- 2. Buko shake*

3. Apple shake

All of the top 3 listed above for the side dish, snacks, and drinks will be automatically added to the menu.

The meal set would include a rice meal, a side dish, and a drink. For the prices, 58.6% of the respondents said that they were willing to pay Php 50-Php 100 for a meal set while 40% were willing to pay Php 100-Php 150. Considering that the respondents were students, the price level of the meals would be student and budget friendly and would stay within the range of Php 50-Php 150.

For the advertisement of the food truck, social media like Facebook and Instagram would be used as tools to spread the awareness about the food truck and in order to entice the appetite of the consumers, the meal presentation would be "news feed-worthy" or "instagrammable", since the survey showed that 80% of the respondents have Facebook accounts and 42.9% of them had Instagram accounts.

BUSINESS MODEL

To start the business, the budget needed to construct the food truck ready for operations would be around Php 576,400.00. The truck would be purchased from Bontella Food Truck Builders Philippines amounting to Php 555,000.00, inclusive of the truck, a 12-feet Mitsubishi canter, packaged with cab refurbishments and customized composite-aluminum body. It also includes the modification of windows, back door, cabinets, shelves, a sink with faucet and piping, water tank and waste tank. Equipments such as circular led lights, exhaust with range hood, wiring which will include three pieces of outlets and a circuit breaker, will also be provided. Exterior design is also covered by the cost.

Table 1: Expected Capital Investment (Cost of Food Truck and Equipments)

Bontella Food Truck	Php 555,000.00
Union UGCR-525RS 4-Burner Stainless Gas Range with Rotisserie	Php 14,000.00
Imarflex IB-300P 1.0L Blender	Php 1,500.00
Fujihamas KC950 Portable Gasoline Generator	Php 5,900.00
SHARP SJ-DT55AS	Php 10, 000.00
Imarflex IDF-4000S Deep Fryer	Php 4, 500.00
Kyowa KW-1902 Electric Steamer	Php 2, 000.00
3 American Home AMW-20MC Microwave Ovens	Php 7,800.00
Registration Costs	Php 1,080.00
Total Cost of food truck and equipment	<u>Php 601,780.00</u>

Table 2: Projected Expenses

Daily Expenses	
Elements	Estimated Amount
Fuel (Truck and Generator)	Php 800
Food Supplies	Php 1,500
Beverage Supplies	Php 1,000
Personnel Salaries	Php 500
TOTAL	<u>Php 3,800</u>

Monthly (Estimated Daily Expenses X 30 Days)	Yearly (Estimated Monthly Expenses X 12 days)
(Php 3 800 X 30) <u>Php 114 000</u>	(Php 114,000 X 12) <u>Php 1,368,000</u>

Table 3: Projected Revenue

Daily (Estimated number of customers X estimated amount paid by each customers)	Monthly (Estimated daily revenue X 30 days per month)	Annually (Estimated monthly revenue X 12 months per year)
(70 people x Php 70) <u>Php 4,900</u>	(Php 4,900 x 30) <u>Php 147,000</u>	(Php 147 000 x 12) <u>Php 1,764,000</u>

$$\begin{aligned}
 \text{Estimated Annual Profit} &= \text{Estimated Annual Revenue} - \text{Estimated Annual Expenses} \\
 &= \text{Php 1,764,000} - \text{Php 1,368,000} \\
 &= \underline{\text{Php 396,000}}
 \end{aligned}$$

$$\begin{aligned}
 \text{Payback Period} &= \text{Capital Investments} / \text{Estimated Annual Profit} \\
 &= \text{Php 601,780.00} / \text{Php 396,000} \\
 &= \underline{1.5 \text{ years}}
 \end{aligned}$$

Given the nature of food trucks, HIHO expects to serve about 70 persons a day which will generate a revenue of about Php 4,900.00 with an expense estimate of Php 3,800.00. In a year, the business estimates its revenue to be around Php 1,764,000.00 and its expenses to be around Php 1,368,000.00. It is expected that in the 8th year of the business the cost of starting the business would be fully recovered and any revenue thereafter would be a bonus to the owner(s).

The food truck is expected to earn profit because of the products it can offer which in this case is Filipino food. It is expected to park along the streets and offer foods which are ready to serve. These will be prepared by the personnel inside the truck.

However, before starting a business such as food trucks, the pros and cons must be taken into consideration.

Pros:

- A relatively new market; food trucks per se is a blue ocean as well as the concept of the food which is the home-cooked Filipino meals.
- Much cheaper compared to fast food chains.
- Operating expenses are minimized because no rental expenses are to be paid
- Revenue is assured because people are always attracted to the product
- Would become more convenient to target customers such as passers-by because they would no longer spend transportation costs in order to eat.
- The mobility will also allow it to participate in big events such as concerts and festivals where a lot of people are expected to come
- Could create a strategic route depending on the availability of customers

Cons

- Still requires capital for the truck, equipment and supplies
- For first-time entrepreneurs, finding a source of capital is a very challenging task
- Registration of the business and the truck also incurs costs including taxes
- Has to be responsible of regulations to be followed such as the designated areas where the government would allow it to park
- Space would become another problem
- Time would be compromised (Holidays and weekends will be set as working days to generate more revenue)

MARKETING STRATEGIES

The Concept

Food trucks all over the world have taken on the new definition of “fast food.” According to the Mobile-Cuisine.com, 4,130 vehicles that roam the U.S.’s roads are food trucks. These food trucks have dishes revolve around ideas such as barbecue, cupcakes, sandwiches, burgers, and the like. In the Philippines, food trucks are much rarer having almost the same themes that are a hit in the US.

In the country, the most common dining experience a Filipino could find their self in is within the walls of a “carinderia” or, as defined by The Daily Inquirer, “food stalls offering different viands to go with rice.” A carinderia typically offers home cooked Pinoy viands with rice. With target audiences that include Filipinos not living in their permanent homes (e.g. college students, employees, etc.), carinderias are found basically everywhere which makes it a popular type of eatery in the Philippines.

Hungry In, Happy Out has taken these two common concepts together and produced something unique. Centered on home being the foundation of happiness, HIHO Food Truck puts home into the streets serving with smiles homey dishes specially tailored to the Filipino tongue. A freshly cooked meal of the customer’s choice is appetizingly arranged in a stylish lunch box which is ready to be served and can also be eaten on-the-go. From students to office workers or even to simple passersby, the HIHO Food Truck is ready to take on the challenge of converting hunger into happiness. Hungry In, Happy Out is going to take on Panay Island very soon!

Marketing Tools

Social Media

The main way of promoting this food truck would be through social media. There would be Facebook, Twitter, and Instagram pages created in order to relay to the public what the Hi-Ho food truck could offer. Considering that in this kind of business, mostly the young

ones would be directly in touch, the proponents are confident that this would be the way for the business to connect with the customers and negotiate with their wants and needs.



The graphic features a large 'Hi-Ho' logo with a man in a red jacket and a woman in a red dress and yellow hat. The tagline 'Hungry In, Happy Out' is below the logo. A handwritten-style quote says 'Sarap ng lutong-bahay for every FUN!'.

PAANO BUMUO NG LUNCH BOX?

STEP 1: Pumili ng ulam

- ADOBO
- BEEF STEAK
- CHICKEN WINGS
- PORKCHOP
- LECHON KAWALI

STEP 2: Pumili ng side dish

- ATSARA
- TORTANG TALONG
- SHREDDED CORN & BEANS

Step 3 (optional): Snacks and Drinks

- SIOMAI
- LUMPIA
- CAMOTE FRIES
- MANGO SHAKE
- BUKO SHAKE
- AT MARAMI PANG IBA!

PAKILIKE BEH!  HUNGRYINHAPPYOUT

Launch Discount Options

Giving some flyers and some printed ads that feature discount options during the first months of operation would be added to the promotional activities.



TRADEMARKS

Nicolas and De Vega website for attorney services provided the proponents information on trademark application. Being in the Philippines, the proponents, thus, need to register to the Intellectual Property Office and submit an application form, trademark specimen, and an already processed Special Power of Attorney. Being classified as a small entity (with assets less than 100 million pesos), the business may get a trademark application for one thousand eighty pesos (Php 1,080.00). This application, however, will be processed and posted to the e-gazette of the IPO. The legal advice from Nicolas and De Vega end with, “If there is no opposition to the application during the publication, then the application will be deemed registered and the corresponding Certificate of Registration issued in approximately 3 to 5 months.”

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