

Food Truck Pilot Scheme
From February 3 to December 24, 2017
Operation Observation

The Tourism Commission (TC) has reviewed the operation of the Food Truck Pilot Scheme from February 3 to December 24, 2017, and sets out below the business performance, best-selling food items, marketing strategies, customer feedback, and food and environmental hygiene of food trucks.

Business performance in the first three rotation cycles

The Food Truck Pilot Scheme was launched in early February 2017. The Government has selected eight tourist attractions for trial operation by food trucks, namely Golden Bauhinia Square in Wan Chai, Central Harbourfront Event Space, Ocean Park (the area outside the theme park), Tsim Sha Tsui Salisbury Garden, Tsim Sha Tsui Art Square, Energizing Kowloon East Venue 1, Wong Tai Sin Square next to Wong Tai Sin Temple and Hong Kong Disneyland (the area outside the theme park).

Food trucks operate by rotation at the eight designated venues on a biweekly basis, and each food truck is able to operate at all the designated venues within a rotation cycle of around four months. Overall speaking, the gross revenue of food trucks in the first rotation cycle (from February to June 2017, about 20 weeks in total) reached \$8.9 million. According to the TC's observation, the performance might be a result of the novelty effect arising from the initial launch of the pilot scheme as a new initiative. Many locals and tourists visited and patronised the food trucks on purpose. Food trucks also added fun and vibrancy to the tourist attractions.

However, when it came to the second rotation cycle (from June to October 2017, 16 weeks in total), the novelty of food trucks diminished and fewer people purposely visited the food trucks. The operation of food trucks did not increase visitor flows at the venues. On top of that, with 56 days of inclement weather conditions during the period, quite a number of food truck operators adjusted their business strategies and increased their rest days (474 rest days in total for 14 food trucks). The gross revenue of

food trucks dropped to about \$6.07 million.

Since the commencement of the third rotation cycle (from October till the end of December 2017, 10 weeks in total), refinement measures introduced by the Government took effect progressively and as a result, the revenue of some food trucks increased. The gross revenue of the food trucks reached \$5.1 million by the end of December, with six weeks remaining till the end of the third rotation cycle on February 4. The TC has turned six designated venues into optional venues in this cycle. Food truck operators could choose whether and when to operate at the venues. At the same time, they could identify and participate in self-identified tourism events.

Regarding the operating revenue of the food trucks, according to the statements of accounts submitted by the operators to the venue management, as at December 24 last year, three food trucks recorded gross revenue between \$2 million and \$2.5 million; three between \$1.5 million and \$2 million; five between \$1 million and \$1.5 million, and another three below \$1 million.

As a business venture, the sustainability and viability of food trucks' operation can be reflected by the revenue data on the statements of accounts. However, as the operating cost is sensitive commercial data which is difficult for the TC to verify, the operators are thus not required to provide such information. According to the TC's estimate, the operating performance of three food trucks is considered satisfactory if a comparison is to be drawn with reference to the Census and Statistics Department's statistical data on take-away shops/cafes which employ less than 10 staff, riding on the marketing effect of the pilot scheme, Ho Yuen Express, Pineapple Canteen and Table Seven X W. Burger managed to open their brick and mortar shops last year.

Table 1: Gross revenue of food trucks

Gross revenue (Note)	Number of food trucks
\$2-2.5 million	3
\$1.5-2 million	3
\$1-1.5 million	5

Below \$1 million	3
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Table 2: Gross revenue of food trucks in the three rotation cycles

	Gross revenue (Note)	
1st rotation cycle (February to June 2017, about 20 weeks in total)	2nd rotation cycle (June to October 2017, 16 weeks in total)	3rd rotation cycle (October 2017 to February 2018, 16 weeks in total)
\$8.9 million	\$6.07 million	\$5.1 million (as at December 24, 2017, 10 weeks in total)

Note: Creative Yummy which had withdrawn from the scheme and Jajambo which commenced operation in December last year are excluded.

Operating venues

Regarding the operating venues, food trucks operating at the Hong Kong Disneyland recorded a gross revenue of \$10.31 million, followed by Tsim Sha Tsui Art Square and Salisbury Garden, with gross revenue amounting to nearly \$1.95 million and \$1.85 million respectively. The patronage split of tourists-to-locals at the above three operating venues is around 6:4. For the other operating venues, gross revenues ranging from \$0.46 million to \$1.28 million were recorded. Although a large majority of customers for food trucks at Golden Bauhinia Square and Ocean Park are tourists, they are mostly tour group visitors. Due to tight schedule, they may not patronise the food trucks. On the other hand, customers for food trucks at Wong Tai Sin Square, Central Harbourfront Event Space and Energizing Kowloon East Venue 1 are mostly locals.

Table 3: Gross revenue of food trucks at the operating venues and patronage split

Operating venues	Gross revenue of food trucks (approximate figure)	Patronage split (approximate figure)	
		Tourists	Locals
Hong Kong Disneyland	\$10.31 million	64%	36%
Tsim Sha Tsui Art Square	\$1.95 million	61%	39%
Salisbury Garden	\$1.85 million	62%	38%
Ocean Park	\$1.28 million	77%	23%
Golden Bauhinia Square	\$1.14 million	79%	21%
Wong Tai Sin Square	\$910,000	11%	89%
Central Harbourfront Event Space	\$550,000	35%	65%
Energizing Kowloon East Venue 1	\$460,000	2%	98%
Hong Kong Science Park (from June to December 2017 with food truck operation on 58 days)	\$180,000	6%	94%
AsiaWorld-Expo (from May to December 2017 with food truck operation on 8 days)	\$55,000	16%	84%
Hong Kong University of Science and Technology (from mid-November to December 2017 with food truck operation on 22 days)	\$130,000	30%	70%

Performance at events

On self-identified events, food truck operators applied for participation in 25 events last year. Approval was granted to all the applications. Gross revenue amounting to \$1.18 million was recorded. The daily average revenue of each food truck participating in the events ranged from over \$2,000 to over \$30,000. The self-identified tourism event which yielded the highest gross revenue was Road to Ultra held at Nursery Park in West Kowloon, totaling \$160,000. The food trucks also took part in three mega events organised by the Hong Kong Tourism Board last year, namely the Hong Kong Dragon Boat Carnival in early June, the e-Sports and Music Festival Hong Kong in early August and the Hong Kong Cyclothon in October. The gross revenue yielded from the

three mega events was about \$690,000. The average revenue of each participating food truck was \$11,000. From our observation, the revenues generated from the events by different food trucks varied significantly. This was largely affected by the following factors, namely the service charge collected by the event organisers; whether the price and variety of food items match with the customers' preference in the events; and the food truck parking locations designated in the events.

Best-selling food items

The best-selling food items are mostly local delicacies priced at some \$20. Some food truck operators will adjust their menus and prices to cater to customers' appetite and needs at different venues.

Table 4: Best-selling food items for each food truck

Food trucks (in random order)	Best-selling food item	Average price per item (\$)
Beef & Liberty	The Truck Burger	68
Canton's Kitchen Dim Sum Expert	Steamed Rice Noodle Roll with Mixed Sauce	28
Chee Kei	Braised Pork Ribs in Rice	56
Hung Fook Tong's Food Truck	Steamed Shaomai	15
Pat Chun Saucy Truck	Egg Waffle	19
Princess Kitchen	Fresh Dragon Bowl	24
The Butchers Truck	Classic Slider	40
SaWaDeeCar (formerly known at Ho Yuen Express)	Deep Fried Chicken Wings	8
Ma Ma's Dumpling Limited	Rainbow Dumplings	39
Mein by Maureen	Signature Noodles	40
Pineapple Canteen	Pineapple Bun with Fresh Cream & Dried Pineapple	20
Book Brothers	Beijing Roast Duck Bun	20
Crunch Munch	BBQ Pork Rice	68
Table Seven X W. Burger	Flame Cheese Hotdog	20

Marketing and promotions

The TC always endeavours to carry out promotional activities for the Scheme, which include:

- launching the mobile application "HK Food Truck" which provides information on food trucks and operating venues;
- promoting the Scheme locally and overseas through Hong Kong Tourism Board;
- inviting Hong Kong Hotels Association to distribute promotional flyers at hotels;
- inviting Travel Industry Council of Hong Kong and Hong Kong Association of China Travel Organisers Limited to establish communication platform between the travel trade and food truck operators to facilitate their collaboration (unfortunately, both sides could not reach consensus on the price of tour meal);
- arranging publicity of food trucks through postings by key opinion leaders on social media platforms, etc.

Besides, some food truck operators were able to make good use of social platform and media to publicise their new products and promotional offers, thereby successfully establishing their own brand names.

Customer feedback

Table 5: Customers' intention to revisit the same food truck and recommend the food truck to others (Sample size: 794)

	Very likely	Quite likely	Neither Nor	Very/Quite unlikely
Revisit the same food truck?	14%	67%	13%	6%
Recommend the food truck to others?	13%	63%	14%	9%

**Table 6: Reasons for not purchasing from food trucks at venues
(Sample size: 378)**

Reasons	Percentage
Price was quite high	28%
Ordinary dish	17%
Too hot/raining, did not want to buy	14%
Not hungry	12%
Unattractive food appearance	12%
Others (such as dish was sold out, negative comments on the internet, long queue, did not want to wait, etc)	17%

Food and environmental hygiene

The Scheme showcases Hong Kong's high standard of food hygiene and safety. Since the launch of the scheme, the TC only received four complaints related to food and environmental hygiene.

Tourism Commission
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