

Consumer Goods and Services • OD4322

# Food Trucks in the US

Mobile order: Growing household incomes and changing consumer preferences will drive industry growth



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## At a Glance

<b>Revenue</b> <b>\$2.4bn</b> '19-'24 <span>↑10.9%</span> '24-'29 <span>↑0.9%</span>	<b>Employees</b> <b>63,018</b> '19-'24 <span>↑11.9%</span> '24-'29 <span>↑4.4%</span>	<b>Businesses</b> <b>58,064</b> '19-'24 <span>↑15.9%</span> '24-'29 <span>↑9.1%</span>
<b>Profit</b> <b>\$161.2m</b> '19-'24 <span>↑10.2%</span>	<b>Profit Margin</b> <b>6.8%</b> '19-'24 <span>↓0.2 pp</span>	<b>Wages</b> <b>\$706.4m</b> '19-'24 <span>↑14.8%</span> '24-'29 <span>↑3.7%</span>

Five-year growth rates display historic and forecast CAGRs

### ➔ Major Players

There are no major companies in this industry

### 🕒 Products and Services

Item	Revenue	Market Share
American	\$1.1bn	<b>45.3%</b>
Desserts	\$315.4m	<b>13.3%</b>
Central and South American	\$296.4m	<b>12.5%</b>
Asian	\$251.4m	<b>10.6%</b>
Mixed ethnicity	\$182.6m	<b>7.7%</b>
Greek Mediterranean	\$92.5m	<b>3.9%</b>
Other	\$158.9m	<b>6.7%</b>

### 📊 Key External Drivers

Key External Drivers	Impact
Consumer spending	<b>Positive</b>
Consumer confidence index	<b>Positive</b>
Healthy eating index	<b>Positive</b>
Urban population	<b>Positive</b>
Agricultural price index	<b>Positive</b>

### Key Takeaways

#### Performance

- Food trucks are dependent on foot traffic. Consumers returning to urban areas and back to the office will drive sales growth.
- Consumer preference is the biggest drivers for change in food trucks. Those who can respond to shifting consumer preferences benefit the most.

#### External Environment

- Food trucks are largely dependent on consumer trend. Shifts in consumer preferences and confidence play a major role in performance.
- While receiving no government assistance, food truck associations are fighting on behalf of food truck vendors to reduce harmful municipal regulations.

## SWOT

<b>Strengths</b>	Growth Life Cycle Stage
	Low Imports
	Low Customer Class Concentration
	Low Product/Service Concentration
	Low Capital Requirements
<b>Weaknesses</b>	Low & Increasing Barriers to Entry
	Low & Steady Level of Assistance
	High Competition
	Very High Volatility
<b>Opportunities</b>	Low Profit vs. Sector Average
	Very High Revenue Growth (2005-2024)
	High Revenue Growth (2019-2024)
	High Revenue Growth (2024-2029)
<b>Threats</b>	Consumer spending
	Low Outlier Growth
	Low Performance Drivers
	Agricultural price index

## Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Increasing
Regulation and Policy	Moderate	Increasing
Life Cycle	Growth	
Revenue Volatility	Very High	
Assistance	Low	Steady
Competition	High	Increasing
Innovation	Low	

## Executive Summary

**Mobile order: Growing household incomes and changing consumer preferences will drive industry growth**

Food trucks have seen significant growth over the last five years, cementing their position as a standout in the broad food services sector. Notably, this expansion is largely due to evolving consumer tastes shifting in favor of unique, gourmet cuisine offered at prices lower than those in traditional sit-down restaurants. The industry has thrived, with cities like Portland, LA, and Austin passing regulations and establishing designated areas for this new wave of culinary delights. Despite the economic pressure from the COVID-19 pandemic in 2020, the industry revenues stayed resilient. Industry revenue is expected to reach \$2.4 billion, with an annualized growth rate of 10.3% over the five years to 2024.

Nevertheless, not all food truck industry vendors celebrate this success. City regulations, escalating competition, and minuscule profit margins are tripping up some. Food truck-specific laws are not uniform; they differ by city. These laws determine the working hours and conditions for the food trucks, often including specified distances from traditional brick-and-mortar establishments. Indeed, these restaurants often see the food trucks as direct competition and have rallied against the industry.

Food trucks will still face significant challenges over the next five years. The most prominent are regulatory roadblocks, stunting industry growth. Parking and other concerns legislation remains a work in progress in many towns as they scramble to accommodate the wave of change. Nonetheless, rising household incomes and the growing interest in convenient yet affordable gourmet cuisine will fuel the industry's expansion. The projected revenue growth over the five years to 2029 is a CAGR of 0.8%, reaching \$2.5 billion.

# Performance

## Key Takeaways

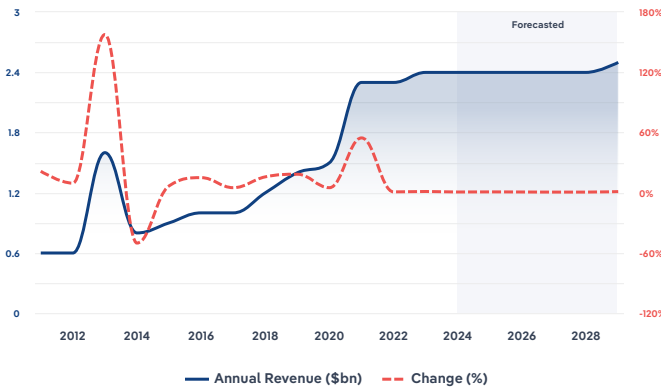
**Food trucks are dependent on foot traffic.** Consumers returning to urban areas and back to the office will drive sales growth.

**Consumer preference is the biggest drivers for change in food trucks.** Those who can respond to shifting consumer preferences benefit the most.

## Performance Snapshot

### Revenue

Total value (\$) and annual change from 2011 – 2029. Includes 5-year outlook.



Revenue

**\$2.4bn**

'19-'24 ↑10.9%

'24-'29 ↑0.9%

2024 Revenue Growth

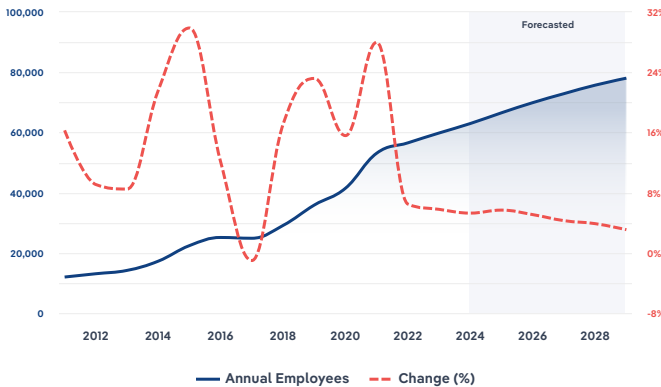
**0.8%** Increasing

Revenue Volatility

**Very High**

### Employees

Total number of employees and annual change from 2011 – 2029. Includes 5-year outlook.



Employees

**63,018**

'19-'24 ↑11.9%

'24-'29 ↑4.4%

Employees per Business

**1**

'19-'24 ↓3.4%

'24-'29 ↓4.3%

Revenue per Employee

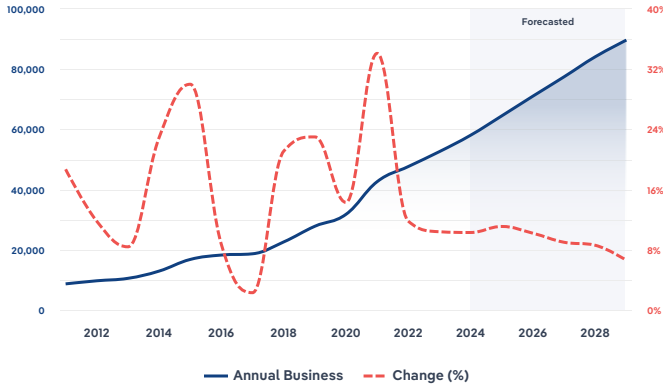
**\$37,629**

'19-'24 ↓0.9%

'24-'29 ↓3.4%

## Business

Total number of businesses and annual change from 2011 – 2029. Includes 5-year outlook.



Businesses

**58,064**

'19-'24 **↑15.9%**  
'24-'29 **↑9.1%**

Employees per Business

**1**

'19-'24 **↓3.4%**  
'24-'29 **↓4.3%**

Revenue per Business

**\$40,840.0**

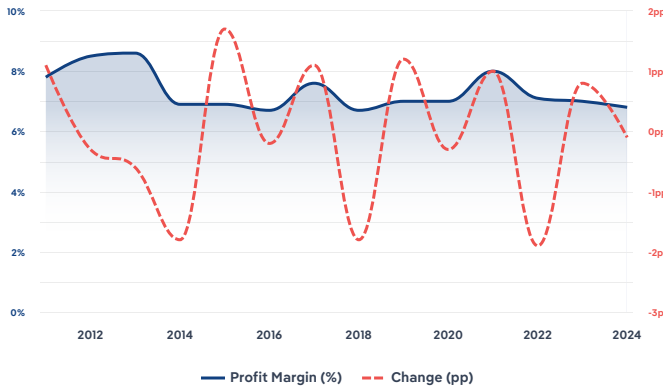
'19-'24 **↓4.3%**  
'24-'29 **↓7.5%**

IBISWorld

Source: IBISWorld

## Profit Margin

Total profit margin (%) and annual change from 2011 – 2029



Total Profit

**\$161.2m**

'19-'24 **↑10.2%**

Profit Margin

**6.8%**

'19-'24 **↓0.2pp**

Profit per Business

**\$2,777**

IBISWorld

Source: IBISWorld

## Current Performance

↑ 2019-24 Revenue CAGR +10.9%

### What's driving current industry performance?

Food trucks adapt to health-based and event-driven trends

- Astute food trucks are adjusting to the shift in consumers' dietary preferences, favoring healthier options. These vendors are now introducing an array of wholesome choices in their menus, bringing cuisines that cater to vegan and vegetarian consumers. This adaptation diversifies an eclectic culinary scene and taps into a market segment that street food retailers have largely overlooked.
- Vendors are not just embracing diversity in their menus. They are also being creative in their business strategy, tapping into various non-traditional events as venues for their operations. One such trend is the presence of food trucks at weddings, an innovation that offers

significant benefits for the betrothed.

- A food truck provides a customizable menu to infuse personal flair into the occasion and offers potential financial advantages, offering a cost-effective alternative to traditional catering services.
- With their flexible business model, food trucks can quickly respond to emerging food trends. This adaptability sets the food trucks apart from their brick-and-mortar counterparts, allowing them to respond instantly to shifts in consumer opinions. This nimbleness, combined with strategic business innovations and a focus on healthier cuisine, drives the industry's performance.

#### **Flexibility and outdoor settings are key in food trucks' resilience**

- Food trucks' inherent business model has played a significant role in its durability through the pandemic. Unlike dine-in restaurants mandated to close, food trucks' grab-and-go service model circumvented such restrictions, preventing a sharp industry downturn.
- The outdoor nature of food truck operations was essential to this ability, fostering an environment fit for enforcing social-distancing measures. This setup allows consumers to enjoy sitting and dining without violating regulations. As lockdown measures eased, the industry witnessed a surge in sales, which resulted from returning customer traffic in densely populated areas and commercial districts.

#### **Local regulations determine growth pace**

- While local regulations and environmental protection laws play a pivotal role in the operation of food trucks, their impact varies across different municipalities. Food trucks require local government permits and must abide by emissions standards.
- Some municipalities, such as Portland, Oregon and Austin, Texas, foster food truck growth by establishing exclusive trading zones and adjusting local laws. These cities stand out as pioneers in welcoming the burgeoning food truck movement.
- On the other hand, stringent regulations in certain regions are holding back the industry's expansion. Notably, high licensing fees and limited parking options imposed by some cities hinder the growth of food trucks. These varying levels of regulation partly determine food trucks' current performance.

#### **College campuses and commercial centers fuel food trucks' growth**

- Food trucks have been carving out a niche within crowded college neighborhoods. The largest segment of their consumer base contains young adults, a demographic that often lacks the time or culinary skills to prepare their own food.
- Busy commercial districts are another hotbed for food truck activity. Salaried professionals frequently opt for readily available food truck meals at work rather than packing food from home. Lower-income workers are also regular patrons due to food trucks' affordability. Many workplaces do not provide easily accessible heat sources to warm up home-packed meals, leaving workers ready to pay for the convenience of a hot meal.

# Volatility

Very High

## What influences industry volatility?

### Ups and downs of the economy lie heavy on food trucks

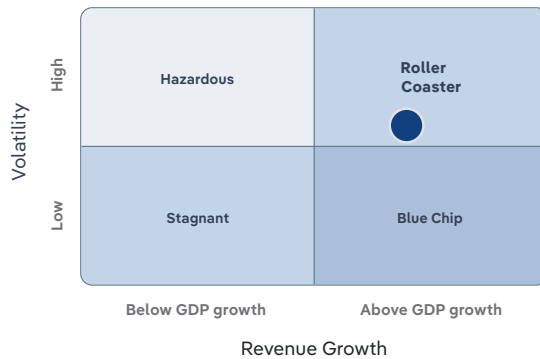
- Consumers and the media recognized the benefits of healthy, gourmet food concepts at affordable prices that are served from mobile locations, which contributed to large amounts of growth.
- The COVID-19 pandemic caused a nationwide shutdown, complete with stay-at-home orders and social distancing. This took away food trucks' source of income—foot traffic.
- Food trucks being located outdoors is enabling consumers to practice social distancing and purchase gourmet food, enabling food truck vendors to weather the pandemic much better than other food purveyors, like brick-and-mortar restaurants.

### Rising food costs are adding to volatility

- Food trucks are sensitive to food costs, sometimes passed onto consumers. Food prices have skyrocketed because of shortages caused by the COVID-19 pandemic and rapid inflation.
- Increasing inflation is causing consumers to pull back spending on food trucks. To mitigate lost sales, food trucks are keeping menu prices low which is digging into profit.

## Roller Coaster

Industry volatility vs. revenue growth (2018-2024 CAGR)



☆ **Key Success Factors**

### How do successful businesses overcome volatility?

#### Control inventory

Food trucks must employ First in First Out (FIFO) to avoid wastage and spoilage of ingredients to reduce purchase costs and maximize revenue.

#### Develop contacts within key markets

Food trucks must be located in busy areas with significant foot traffic to maximize potential sales. Business areas and universities are popular locations for food trucks.

## Outlook

↑ 2024-29 Revenue CAGR +0.9%

### What's driving the industry outlook?

#### Refined tastes and health trends steer successful food truck offerings

- Discerning customers demand more from curb-side dining, pushing food trucks to deliver quality and healthy options. The rise of high-quality street food is particularly evident in affluent urban locales.
- The industry is observing an emergence of health-conscious food options, diverging from the deep-fried history of the food truck landscape. Gourmet, vegan, and gluten-free fare now rides in many mobile kitchens. To corner a piece of this bustling market, vendors have to present exceptional and noteworthy culinary options. Those offering unique fare are setting themselves apart, creating a devoted base of supporters.
- Food aficionados do not just enjoy a tasty bite; they spread the word. Loyal customers' social media engagement contributes to valuable, cost-effective advertising, further bolstering food truck success.

#### Rising food costs and stringent regulations challenge profitability

- Food trucks have seen a significant upswing due primarily to the growing interest in gastronomic delights nationwide. Although encouraging, local authorities' regulations, such as parking restrictions and associated fees, can also add a layer of complexity for potential vendors.
- Ramping up operation costs is another aspect negatively impacting the industry. Specifically, the food supply falls short of demand, leading to rocketing food prices. Forced to grapple with these inflated costs, food truck owners have been left with no option but to hike their prices.
- In turn, this customer price surge is leading to a consumer backlash. Home cooking has emerged as an attractive alternative to eating out, threatening not only food truck vendors but the broader dining industry as a whole.

#### Urban revitalization brings prosperity for food trucks

- The success of the food trucks hinges on high pedestrian activity. Given this, areas with dense populations, such as city centers and busy suburban neighborhoods, are prime locations for these businesses.
- The driving force behind food truck patronage is predominantly urban professionals. These individuals often prefer purchasing meals over in-home meal preparations due to their superior earning power and constrained free time.
- As consumers gravitate back to urban areas, the foot traffic naturally increases, presenting a lucrative opportunity for food trucks. This return to city life presents an optimistic outlook for the future of the food truck industry.

#### Fusion cuisine trends and synthetic food innovations fuel growth

- Food trucks, given their unique ability to cater to diverse ethnic backgrounds and lower risk compared to traditional restaurants, have become the breeding ground for fusion cuisine. This trend will continue in the coming years, as popular cuisines merge with well-established ones, producing novel culinary blends.
- Synthetic food production breakthroughs could exert additional influence on this booming industry. Integrating lab-grown and plant-based meats into classic recipes could boost traditional offerings and inspire unique cuisines, yielding fresh opportunities for food trucks to infiltrate the vegetarian and vegan markets.

## Life Cycle

Growth

### Why is the industry growing?

#### Contribution to GDP

The industry's contribution to the overall economy is high as more food truck vendors fare better than their food service counterparts primarily because of the budget-friendly and experimental food concepts.

#### Market Saturation

There is a large number of food trucks serving a variety of cuisines, fusions and concepts all at varying price points, so the supply is very high.

#### Innovation

Food trucks have become more innovative as more vendors enter, like creating more cultural fusions or expanding offerings. Also, the incentive



to adopt more environmentally friendly trucks has altered the industry's landscape.

**Consolidation**

While competition is high, there is little to no consolidation between food trucks. Most food trucks are independently owned and operated, with some exceptions. Some restaurants have employed a small fleet of food trucks to expand their reach.

**Technology and Systems**

Technology updates for food truck vendors are in regard to point-of-sale systems that can track inventory, sales and trends. Social media engagement is a growing technology component for food trucks.

**Life Cycle**

Indication of the industry's stage in its life cycle compared to similar industries



\*Growth is based on change in share of economy combined with change in establishment numbers

# Products and Markets

## Key Takeaways

**Younger adults are more adventurous and have the disposable income to spend at food trucks.** Aging consumers are more apt to go to sit-down restaurants for the atmosphere.

**A wide array of cuisines is accommodative to new food trucks.** Immigrant communities foster cuisines from their respective regions, expanding the American palate.

Largest Market

**\$1.1bn** American

Product Innovation

**Low**

## Products and Services

### How are the industry's products and services performing?

#### The 'burger trend' strikes gold for American-style food trucks

- Food trucks are independent vendors offering cuisine emphasizing quality and customizability. The current trend of 'better burgers' fits seamlessly into this space, enabling vendors to capitalize on the demand.
- Food truck vendors, including Easy Slider in Dallas and Grill 'Em All in Los Angeles, are gaining recognition due to their innovative and gourmet takes on traditional food items. Their unique interpretations of classic dishes are contributing to their increasing popularity, thereby driving the demand for food trucks.
- Traditionally composed of burgers, specialty sandwiches, and hot dogs, American food is pivotal in the food truck market. Consumers' current tendency to seek high-quality interpretations of these American classics drives the industry forward.

#### Expanding Asian communities support growth in Asian food trucks

- The Asian food offerings are characterized by their diversity and regional variety, including East Asian, Southeast Asian, and South Asian cuisines. Its popularity has grown, particularly in areas with higher Asian populations.
- America's growing penchant for ethnic foods and novel cuisines has fostered an adventurous culinary spirit among consumers. This willingness to try varied cuisines has notably bolstered the demand for Asian food from food trucks.
- Certain states with significant Asian populations, like California and New York, are witnessing an increased interest in Asian food. These states are potentially strategic locations for food truck businesses specializing in Asian cuisine.

#### Consumers' growing sweet tooth fuels interests for dessert offerings

- The frozen treats market has evolved from the early days when wagon wheel carts sold Italian ice and prepackaged items. Today, the market includes various mobile dessert options, like ice cream trucks and specialized stalls for baked goods, candies and pastries.

- Consumers are trending toward more boutique dessert offerings from food trucks. They are willing to go the extra mile to satisfy their increasingly sophisticated dessert cravings, and this shift in consumer behavior is proving to be a significant driver in the growth of food trucks.

#### Rising immigration drives demand for Latin cuisine

- Staple ingredients in Central and South American cuisines include corn, beans, and chili peppers, which are key in creating Latin food's intense, diverse flavors. Food trucks selling these dishes cater to the rising demand for traditional and high-end Latin cuisine.
- The uptick in Latin food consumption can be attributed mainly to increased immigration, particularly from Central and South America. Introducing these diverse food cultures to the US stimulates demand for authentic Latin cuisine.
- Consumers are leaning heavily toward authenticity and tradition in their culinary choices. Higher-end, gourmet versions of Latin dishes also garner interest, implying a shift in demand towards upscale Latin food choices.
- Given the ongoing pattern of immigration increase, demand for both conventional and high-end Latin recipes is likely to be sustained or even grow further. This provides a promising horizon for food trucks, which are set to flourish from this trend.

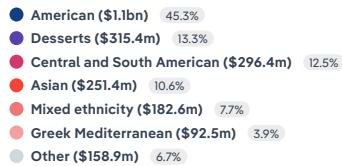
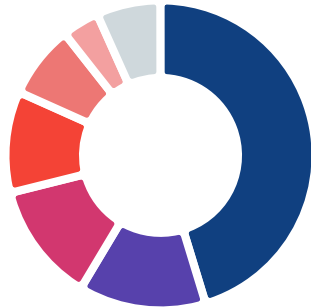
#### Fusion cuisines in food trucks flourish

- The food truck industry has seen a surge in popularity, with vendors such as Roy Choi's Kogi BBQ and New York City's Korilla BBQ leading the way. These vendors offer a fusion of flavors, blending elements of Korean and Mexican cuisines - represented in offerings like Chipotle-style bowls, burritos, and tacos.
- The market for fusion cuisine from food trucks is expanding, driven by consumers' desire for customization and healthier meal options. Customization involves tailoring a dish to suit individual tastes. Healthier options refer to the increasing availability of nutritious offerings to cater to health-conscious customers.

- Notable successes like Kogi BBQ and Korilla BBQ demonstrate the potential for fusion cuisines in food trucks to thrive. Their innovative blending of Korean and Mexican flavors in a fast, mobile format attracts a diverse range of consumers seeking unique, tasty food experiences.

### Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



#### An array of global cuisines bolster revenue growth

- Defined by diverse culinary offerings, food trucks are seeing a surge in demand, primarily driven by immigrant communities. Food trucks are offering products inspired by cuisines from around the world, including Mediterranean, Nepalese, and Moroccan dishes, among others.
- Immigrant customers are attracted to these food trucks as they allow them to relish flavors reminiscent of their home countries. This trend highlights the influential role that immigrant communities play in shaping food trucks' offerings.

### What are innovations in industry products and services?

Low

#### Cultural fusions drive consumer intrigue

- Food truck vendors who have experimented with fusions of multiple cuisines are garnering foot traffic.
- Combining different cultures is enabling food trucks to expand menu offerings that are able to adjust to changing consumer preferences.

#### ☆ Key Success Factors

### What products or services do successful businesses offer?

#### Identify and assess demographic and social trends

Social media plays a crucial role in the success of a given food truck. While most food trucks have their own social media, they rely on organic growth through influencers and customers.

#### Allocate products and/or services to areas of greatest need

The mobile nature of the food truck industry allows food trucks to pack up and move to high-traffic areas on the fly. Identifying and relocating to these areas is crucial for the success of a given food truck.

## Major Markets

### What's influencing demand from the industry's markets?

#### High social media engagement shapes demand from adults under 25

- Food trucks primarily target consumers between 18 to 24 years old.

This market is characterized by lower disposable incomes due to its early stage within the workforce, which, in turn, affects purchasing power and revenue for food trucks.

- High social media usage amongst this demographic group plays a

significant role in shaping demand. According to the Pew Research Center, individuals between 18 and 29 make up the largest social networking site user group, providing food trucks an opportunity to build customer loyalty.

- Food trucks are also influenced by the 55-and-older consumer group. These consumers have different needs and habits compared to their younger counterparts.
- A lucrative element of this market segment is the larger disposable income, which predisposes them towards sit-down restaurants over their mobile alternatives. With retirement comes an uptick in leisure time, driving up discretionary spending.

**Adult between 25 and 44' spending habits bolster food trucks' growth**

- Food trucks' largest market segment comprises consumers aged between 25 and 44. This age group includes early-career adults, who often enjoy newfound financial freedom and are more liberal with their discretionary spending.
- A report from 'Best Customers: Demographics of Consumer Demand' suggests that customers aged 25 to 34 spend the most at food trucks monthly. They represent a key demographic due to their willingness to explore eclectic food options and growing disposable income.
- As adult professionals' earning potential increases, so does their desire for unique and divergent dining experiences. Therefore, this particular age group's increasing appetite for unconventional meals largely influences food trucks' growth.

**Time constraints fuel food truck popularity among consumers between 45 and 54**

- Older adults, particularly those aged 45-54, represent a significant market for food trucks. These individuals have more disposable income, making them potential frequent customers.
- They are also more established in their careers than their younger counterparts aged 25 to 45. This often means they have greater workloads and less time to prepare meals, increasing their reliance on convenient food options such as food trucks.

An aging population affects demand from customers over 65

**Major Markets Segmentation**

Industry revenue in 2024 broken down by key markets



- Consumers aged 25 to 44 (\$872.6m) 36.8%
- Consumers aged 55 and over (\$690.0m) 29.1%
- Consumers aged 45 to 54 (\$531.2m) 22.4%
- Consumers under age 25 (\$277.4m) 11.7%

IBISWorld

Source: IBISWorld

**International Trade**

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.