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## The Way the Cookie Crumbles: A Consultative Look Inside a Local Omaha Food Truck

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**The Way the Cookie Crumbles:  
A Consultative Look Inside a Local Omaha Food Truck**

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MGMT 4480: Corporate and Business Strategy

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### **Abstract**

This paper investigates a local Omaha food truck, Carson's Cookie Truck. In this analysis, the key opportunities and threats facing the food truck industry as a whole, as well as the internal resources and capabilities of Carson's Cookie Fix are evaluated to uncover the strategic problem facing the company. Results from the analyses indicate that the main problem facing Carson's is an underutilization of the company merger with eCreamery. With the identification of the strategic issue, key recommendations are presented to combat the deterioration of Carson's competitive position. A recommendation to leverage the merger to strengthen corporate differentiation and raise barriers to imitation is provided. Implementation steps are also provided. Overall, this thesis serves as a complete analysis of Carson's Cookie Truck current competitive position and offers a recommendation to strengthen Carson's competitive position and enhance the company's unique products and services.

*Keywords:* Business administration, corporate strategy, business strategy, MGMT 4480, capstone, Carson's Cookie Fix

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## **Introduction**

This paper effectively investigates the competitive strengths and weaknesses of Carson's food truck as well as the macro trends present in the industry to uncover the strategic issue facing Carson's and provide recommendations and implementation plans. These recommendations will help strengthen Carson's competitive position and enhance its unique products and services.

## **Company Background**

Carson's Cookie Fix was founded in 2016 by Maddie Carson (Appendix A, Photo 1). This small shop on 114<sup>th</sup> and Dodge sells gourmet cookies for special occasions and corporate gift-giving. Maddie had a vision to bring the best possible cookies to their customers. They have over 17 flavors with recipes dating back over 40 years. Their shop is overflowing with over 200 cutters in order to provide their customers with unique cookies to fit their wildest dreams. Since its beginning, Carson's Cookie Fix purchased a food truck that now services the Omaha area at city events, weddings, school fundraisers and more (Appendix A, Photo 2). The Cookie Truck can be found at the Late Nights at the Zoo, Junkstock, and several other Omaha famous events.

After three years of successful revenue and growth, Carson's was acquired by eCreamery Ice Cream and Gelato. They joined together to bring the world top-tiered gelato and cookies all in the same place. While both companies have retained their separate brick and mortar locations, both locations have incorporated joint menu items like ice cream sandwiches, cookies a la mode, and other tasty treats to satisfy their customers. Aside from the obvious sweet benefits of this acquisition, there has been an increase in innovation and shared revenue streams. Carson's now has a section of the eCreamery website dedicated solely to cookie products and baskets. As of today, Carson's has increased eCreamery sales by 10-20% annually. The benefits ascertained from

the acquisition are bountiful, which has only helped the popularity of the Carson's Cookie Truck. The truck continues to service the Omaha area and has immense growth potential.

## **Problem**

Carson's has focused their business strategy on differentiation. Everything they have done has been to stand out from the competition and make a lasting impact on the food truck market in Omaha, NE. Unfortunately, because of growing industry saturation and imitation, their factors of differentiation are weakening. Low barriers of entry have allowed more and more firms to enter the market and compete with all other industry players. This has caused substantial market saturation and is forcing firms to adapt their business strategy. Another key issue facing the industry is the low barriers to imitation. While Carson's has pursued differentiation, none of the company's resources or capabilities have provided a sustained competitive advantage. Their resources can all be imitated by competition, giving Carson's only a temporary advantage.

The strategic group map is an estimation of industry positions based on the price of menu items and the geographic scope covered by each truck (Appendix B, Figure 1). The price of menu items was determined quite simply by analyzing and comparing popular menu items from each food truck. The geographic scope covered by a truck was determined by looking at the key areas each food truck services. Some food trucks like the Churro Truck, Anthony Piccolo's, and Chicago Dawg house have chosen to differentiate by staying in a smaller geographic area. The circle size correlates to the number of trucks. As you can see on the map, Hawk's Pizza and Johnny Ricco's Brooklyn Pizza were the only two truck with confirmed additional trucks in the area.

This strategic group map highlights the growing saturation in the Omaha food truck industry and emphasizes the increased need for differentiation. The industry as a whole is in the quantity growth stage and has only just begun its movement into the maturity phase. Because of the attractiveness of the industry, more and more firms are entering, and saturation is becoming a

problem. These firms have to decide quickly whether to focus their competitive position on cost-leadership or differentiation.

Carson's has been pursuing differentiation, but imitation has been an increasingly tough problem for the company. The current strategy canvas compares different firms in the food truck industry against various factors of competition (Appendix B, Figure 5). Right now, Carson's shows a competitive advantage in their brick-and-mortar location and its ability to make their products ahead of time in order to decrease wait time for customers. While these factors create an obvious advantage, the advantage is not sustainable in the long run. Most food trucks could easily purchase a brick-and-mortar restaurant, it would just take time to generate the capital, and with the industry being centered around the customer, many food trucks are creating ways to make pieces of their menu ahead of time to reduce customer wait times. While most food trucks won't be able to make all menu items ahead of time because of the nature of their food (hot foods), it doesn't create enough of an advantage for Carson's to make it sustainable.

This information leads to the main problem facing Carson's Cookie Truck. The merger with eCreamery was just another factor of differentiation that pushed Carson's Cookie Truck above its competitors, and the idea of it was successful. However, this merger has been underutilized by Carson's and could provide an even larger strategic advantage if Carson's would use the merger to enhance factors of competition and emphasize the company's differentiation strategy.



## **External Analysis**

In order to effectively identify the strategic problem facing Carson's Cookie Fix, a detailed analysis was done to examine the opportunities and threats present in the food truck industry. Several forms of analysis were used including PESTEL Analysis, Porter's Five Forces Analysis, and Strategy Canvases (Appendix C).

### **Industry Trends in the Competitive Environment**

One notable threat to the industry is the increasing saturation seen in the market. Because the industry is in a quantity growth phase, more and more food trucks are popping up everywhere. This saturation is yielding low profit and low overall gain for firms in the industry. There is also a high threat of entry due to low barriers and low economies of scale. This allows anyone with a desire to purchase and start a food truck business and compete with industry leaders. This is incredibly important for the industry because with the rise of industry saturation and imitation comes a harsher need to strengthen each firm's competitive position and either differentiate or become a cost leader in the industry.

This market saturation and quantity growth phase has led to a high threat of rivalry. It takes little to no effort to decide which food truck to visit for a meal. That means it is up to the food truck to persuade customers to visit one truck over another. The industry is currently operating in monopolistic competition with food trucks competing with each other and no large industry players. These trends also support the importance of differentiation. Overall, these industry trends suggest rapidly decreasing expected returns for firms in the food truck industry. Once again, we see the increasing need to strengthen competitive positions and choose to focus on differentiation or cost-leadership.

There is an interesting relationship between industry revenue and consumer spending (Appendix B, Figure 4). As discussed in the consumer market analysis above, consumer spending has been trending downward, seeing a dramatic decrease in 2020 because of COVID-19. This trend has caused a decrease in industry revenue in 2020 as well. In future predictions, it appears that both consumer spending and industry revenue will plateau through 2025. This causes concern for the industry. With so many food trucks in the industry and revenue plateauing, trucks may see a general decrease in annual revenue. The need to differentiate is even more important for the future success of trucks in the industry.

### **Industry Life Cycle**

As seen in the Industry Life Cycle Chart, the food truck industry is sitting in the quantity growth stage of the industry life cycle (Appendix B, Figure 2). This stage is where the industry is growing at a rapid rate and increasing the quantity of food trucks in the industry. There are several key characteristics that can be observed in the growth stage. This is where you see standardization and rapid growth. There is also a transition from product innovation to process innovation. For the most part, firms in this stage now have their product down. They have selected their menu and won't be changing in completely for a while. They can now focus on their process and look at wait time, cook time, customer interactions, etc. These factors, if implemented properly, will help differentiate them from competitors. There is an overall effort to become more efficient. Because the food truck industry is on the way to the maturity phase, there is more tangible evidence of this transition. Many food trucks have defined their menu and are now working on the process of making and serving food more efficiently. It will be important, as firms innovate their processes, to look for wait to gain and sustain a competitive advantage over competing firms.

## **Industry Trends in the Macro Environment**

Several significant opportunities and threats were observed in the macro environment of the food truck industry, the most obvious of which being the global pandemic. COVID-19 has created a major disturbance to the industry. At the beginning, many cities and states issued lockdown and stay-at-home orders, completely obliterating the industry's customer base. If no one is allowed to go outside, no one can go to a food truck. According to a survey done by the National Restaurant Association, approximately 100,000 brick-and-mortar restaurants have closed in the U.S. because of lockdowns. While eventually the mandates loosened, social distance guidelines remained in place. These trends have translated to the food truck industry in a worse way. Because food trucks are not eligible for the PPP relief that restaurants are, they have had no government aid or assistance since the start of the pandemic. Several food trucks had to shut down. Those that didn't close had to get creative. They moved their trucks to neighborhoods in order to reach people staying in their homes. This move was successful, and those food trucks were able to stay afloat until CDC restrictions were loosened and people were able to go out again.

Surprisingly, there are several political and legal trends happening in the food truck industry. Brick-and-mortar restaurants have continued to lobby against food trucks that are in direct competition with them. Because food trucks are able to go to their customer market, brick-and-mortar restaurants are at a significant disadvantage and have been taking legal action against food trucks. There have been several mandates dictating the distance a food truck must be from a brick-and-mortar restaurant. These mandates are supposed to help settle the relationship between brick-and-mortar restaurants and food trucks. While they have helped, there is still competition and bitterness between the two entities. It is also important to note that laws governing food trucks differ between cities. This is key when considering food trucks that potentially travel to different

cities throughout the week. There is increased difficulty to make sure a food truck is following all rules and regulations in a particular city.

The last major trend in the macro industry is the ecological impact of food trucks. Obviously, food trucks use gas and produce harsh chemicals into the environment the whole time the truck is being run. With all the food trucks in the industry, there's a significant impact on global warming. Because consumers are more concerned with the welfare of the environment, this could become a larger problem for the industry as time goes on. The Agricultural Price Index, which indicated the prices vendors will pay for ingredients, has been consistently trending downwards, but is expected to increase in 2020. This poses a potential threat to the industry and should be noted when considering suppliers. The last, more obvious ecological issue is the weather. Because food trucks often operate with the assumption that seating will be available outside, if the weather is bad, it's less likely that consumers will eat a meal at a food truck. They might prefer going to a brick-and-mortar restaurant where the weather has less of an impact.

### **Consumer Market Analysis**

The major market segmentation of the food truck industry shows the demographics of individuals who frequent food trucks (Appendix B, Figure 3). This analysis gives us an insight into the different generations that visit food trucks. The majority of consumers are between the ages of 25-44. These individuals have more disposable income and are more likely to go out for a meal instead of cooking. This age group makes a lot of sense because this generation is oftentimes more focused on experiences than actual tangible items. Visiting a new food truck or one of the events that have food trucks are experiences highly desired by this demographic. While the percentage of consumers decreases in ages 45-54, it increases again in ages 55 and over. This is surprising since not many older people can be seen at food trucks, however, it is definitely

important to keep the older demographic in mind when looking at a target market. The decrease in ages 45-54 could be because that generation is at the age where they probably have families and would rather stay at home and cook than pay for meals for the whole family. The increase in ages 55+ could be due, in part, to the lack of children to feed on a regular basis. Sometimes, it is easier to go out for a meal for two or one than it is to cook a meal and have leftovers. These trends help identify potential target markets for industry players. Focusing on consumers 44 and younger gives firms a large portion of the market and can help strengthen the competitive position when marketing to a specific demographic.

One of the most notable traits of the consumer is the health consciousness of each consumer. Because of the high and growing obesity rate in the United States, consumers are becoming more health conscious and opting for healthier choices. With that, consumer preferences are changing in favor of unique, gourmet cuisine at less-expensive prices. This provides a great opportunity for food trucks, since their menu items are usually less expensive than a meal at a brick-and-mortar establishment.

COVID-19 has presented the industry with a unique opportunity. Many food trucks have started targeting residential neighborhoods, essential businesses, and rest stops. This is a great chance to penetrate the market and attract new customers. Before the pandemic, the majority of food trucks operated in urban locations. The urban population is expected to increase 2020 which is great for the industry. They are more likely to purchase meals rather than cook them because of their above-average income and limited spare time.

### **Internal Analysis**

In order to determine Carson's key resources and capabilities, I took an extensive look inside the company and did a VRIO analysis. A full VRIO analysis can be found in the appendix. From the VRIO analysis, there are several key things to note. First, none of the resources and capabilities ascertained by Carson's provide a sustained competitive advantage. This is a problem for the company, because without a sustained competitive advantage, they are at risk for high amounts of competition and could be knocked out of the industry by the competing firms. The five resources that create a temporary competitive advantage are:

- Merger with eCreamery
- Unique cookie recipe
- Niche product mix
- Access to eCreamery customer market
- Use of eCreamery ice cream in product

From this list, it is clear the majority of Carson's advantage comes from the merger with eCreamery and the resources and capabilities eCreamery provides. While a merger with eCreamery legally cannot be imitated, it is very easily substitutable. Food trucks could be acquired or merged with brick-and-mortar restaurants with very little effort. Right now, Carson's has an advantage. Because mergers and acquisitions take time to form, Carson's has time to form a sustainable competitive advantage. However, in order to do this, they need to act fast.

### **Benefits Provided from the Acquisition**

There are several benefits that Carson's gets from being acquired by eCreamery, the largest of which is eCreamery's national recognition and popularity. eCreamery was featured on several national television shows including The Today Show (July 2019), Shark Tank (June 2019), Delish

(May 2019), Real Simple (October 2018), OWH (June 2018), Bustle (June 2018), and The Today Show (December 2016). This publicity has afforded eCreamery a large following and Carson's now has access to that market. Right now, eCreamery has four times as many followers on Instagram as Carson's does. Because of the merger, that ratio has been steadily decreasing as Carson's acquires more of eCreamery's following.

The more obvious benefit from the acquisition is the exclusive access to eCreamery's ice cream and gelato for use in menu items like ice cream cookie sandwiches, cookies a la mode, and cookie sundaes, etc. This provides a competitive advantage for Carson's because no one else can use eCreamery ice cream in their products, but the advantage is only temporary because other dessert trucks could easily join forces with an ice cream store to provide a similar service. With this in mind, it is crucial for Carson's to effectively utilize the benefits of the merger to create a sustained competitive position.

### **Business Level Strategy: Differentiation**

It is clear Carson's is pursuing a differentiation business strategy over cost leadership. Their merger with eCreamery was just another factor of differentiation to set them apart from the competition. There are four main sources of differentiation: product features, location, reputation, and firm linkages. Carson's has managed to utilize each of the four sources. Their unique cookie flavors and the use of seasonal cookie flavors have allowed Carson's to differentiate in terms of product features. The purchase and use of a food truck gave Carson's a location advantage over other brick-and-mortar cookie stores, allowing them to travel to their market and give customers a convenient way to access Carson's cookies and ice cream products.

Their reputation is second to none with a 4.5-star rating on Google reviews. They are constantly going out of their way for their customers and offer a wide variety of customization options. Their

last and most recent source of differentiation came from the acquisition by eCreamery. This acquisition allowed eCreamery and Carson's to link and utilize both their resources and capabilities in order to advance their competitive position and take over more of the industry.



## Recommendation

Carson's should employ various strategic campaigns to strengthen their differentiation strategy and utilize the merger with eCreamery to the largest extent. The recommendations are as follows:

- Leverage merger to strengthen differentiation business strategy
  - Form a strategic alliance with Four Sisters Boutique to strengthen both parties' competitive position
- Raise barriers to imitation
  - Rebrand the Carson's Cookie Fix food truck to incorporate eCreamery's logo and ice cream products
  - Create a weekly truck stop spot in Midtown Crossing for customers to visit
  - Relaunch the new and improved Cookie Truck in May of 2021 with a social media campaign "#spotthetruck". Every person that sees the Carson's Cookie Truck and posts about it on their social media will be entered into a drawing to win a free cookie or a free scoop of eCreamery ice cream. Winners will be chosen each week all summer long

These small recommendations all coexist to help enhance Carson's differentiation and create a more competitive position for the company in the Omaha industry.

The current strategy canvas of firms in the industry shows several key takeaways for Carson's (Appendix B, Figure 5). As you can see, Carson's only has an advantage in its brick-and-mortar locations and its make ahead product. While the advantages are substantial, they are not sustainable because they can easily be imitated. To create a sustainable advantage, Carson's must leverage its merger with eCreamery in a way that raises the barrier to imitation.

The proposed strategy canvas illustrated how these factors of competition would improve with the implementation of these recommendations (Appendix B, Figure 6). Based on the information provided, these recommendations will help increase the geographic scope, overall quality, and social media presence of the Carson's Food Truck. The strategic alliance and weekly truck stop will give Carson's more consistent geographic coverage than its competitors. The repainted truck and high emphasis on the merger with eCreamery will increase perceived quality, and the social media campaign will increase Carson's overall social media presence. These shifts in the strategy canvas will provide Carson's the sustainable competitive advantage it needs to continue its success within the industry.

## **Implementation**

A summary of the implementation timeline can be found in Appendix A, Photo 3.

One of the most important ways to utilize the merger with eCreamery is to make sure everyone knows about it. Rebranding the cookie truck is the best and easiest way to do that. That is why this piece of the recommendation will happen immediately. To rebrand the truck, Carson's will repaint it to include eCreamery items. It will not take long because instead of repainting the whole truck, only select baking items will be repainted to feature eCreamery. Currently, the truck is painted with various baking tools and cookie treats (Appendix A, Photo 4). All Carson's would have to do is include the standard eCreamery logo, an eCreamery pint container and/or an ice cream cone. These additions show anyone that sees the truck that they have some sort of partnership with eCreamery and could attract more customers.

In January 2021, Carson's would begin the weekly truck stop in Midtown Crossing. This location was chosen because of its centrality between Carson's and eCreamery brick-and-mortar locations should any issues arise. This would allow the cookie truck to visit either shop during the day if it needed to restock. It is also a very central location for the city in general. Midtown is a fairly equal distance from downtown and west Omaha which allows customers from both locations to get their and enjoy a treat. It is located right off Dodge street as well. This location catches those individuals traveling to and from work during the day. With the cookie truck visible, Carson's could get individuals that want to stop to wait out rush hour traffic. Surrounding Midtown Crossing are apartments and various neighborhoods. This provides Carson's with a constant market filled with more than just the customers visiting Midtown Crossing. With the apartments and surrounding neighborhoods, Midtown Crossing allows Carson's to service individuals of all different demographics and expand its market weekly.

The only competition in this area is Coldstone Creamery. Based on my research, I believe Carson's will be able to differentiate itself from Coldstone with its unique cookie recipe paired with eCreamery ice cream. The truck will also be parked far enough away from Coldstone and near parking, so customers can choose to try Carson's instead of Coldstone. There will also be social media promoting the weekly truck stop and help the direct competition in the area.

In March 2021, Carson's cookie truck will begin a strategic alliance with Four Sisters Boutique in order to strengthen its competitive position. The boutique is located in Rockbrook Village Shopping Center on 108th and Center which is near Carson's brick-and-mortar location in case of any issues. The location also provides an advantage for Carson's. Rockbrook Village is becoming an increasingly popular area, however, there is no dessert shop of any sort in that area. This would make the cookie truck the only source of sweet in the area. If Carson's successfully penetrates Rockbrook Village, it can raise the barrier to imitation and make it more difficult for other food trucks to enter that area. Four Sisters Boutique provides clothing for Carson's target demographic of people under the age of 44. While the boutique only sells women's clothing, there are several other shops in Rockbrook Village that could attract the male demographic and give them the opportunity to see the cookie truck and grab a cookie on their way. This alliance will allow Carson's to further differentiate itself and expand into a niche market. While customers shop at the high-end boutique, they can snack on a cookie or grab some on their way in or out of the store. Because Four Sisters Boutique is a high-end boutique, Carson's will be given a higher end, classy, and professional look. This is, yet again, another source of differentiation.

Then lastly, in May, Carson's will roll out a new menu with exciting ice cream and cookie combinations just in time for the warm summer months. This roll out will be strengthened with a social media campaign "#spotthetruck". Every person that sees the Carson's Cookie Truck and

posts about it on their social media will be entered into a drawing to win a free cookie or a free scoop of eCreamery ice cream. Winners will be chosen each week all summer long! People can tag Carson's and eCreamery in their post to spread the word. This will help improve Carson's social media presence and attract and retain a more loyal customer base.

With the implementation of these recommendations, Carson's will effectively strengthen its competitive position and raise barriers to imitation.

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Appendix A

Photo 1: Carson's Logo



Photo 2: Carson's Cookie Truck



**Photo 3:** Summary of Implementation Steps

<h3>Immediately</h3> <p>Repaint the Carson's truck to include <u>eCreamery</u> logo and ice cream merchandise.</p> 	<h3>January 2021</h3> <p>Begin the weekly truck stop in Midtown Crossing</p> <ul style="list-style-type: none"><li>• Central location between Carson's and <u>eCreamery's</u> brick and mortar location should any issues arise</li><li>• Central location for the city with heavy foot traffic</li><li>• Surrounding neighborhoods and apartments for a constant market</li></ul>
<h3>March 2021</h3> <p>Begin strategic alliance with Four Sisters Boutique to strengthen competitive position and drum up more business</p>	<h3>May 2021</h3> <p>Roll out a new menu with exciting ice cream/cookie combinations</p>  <p>#spotthetruck</p>

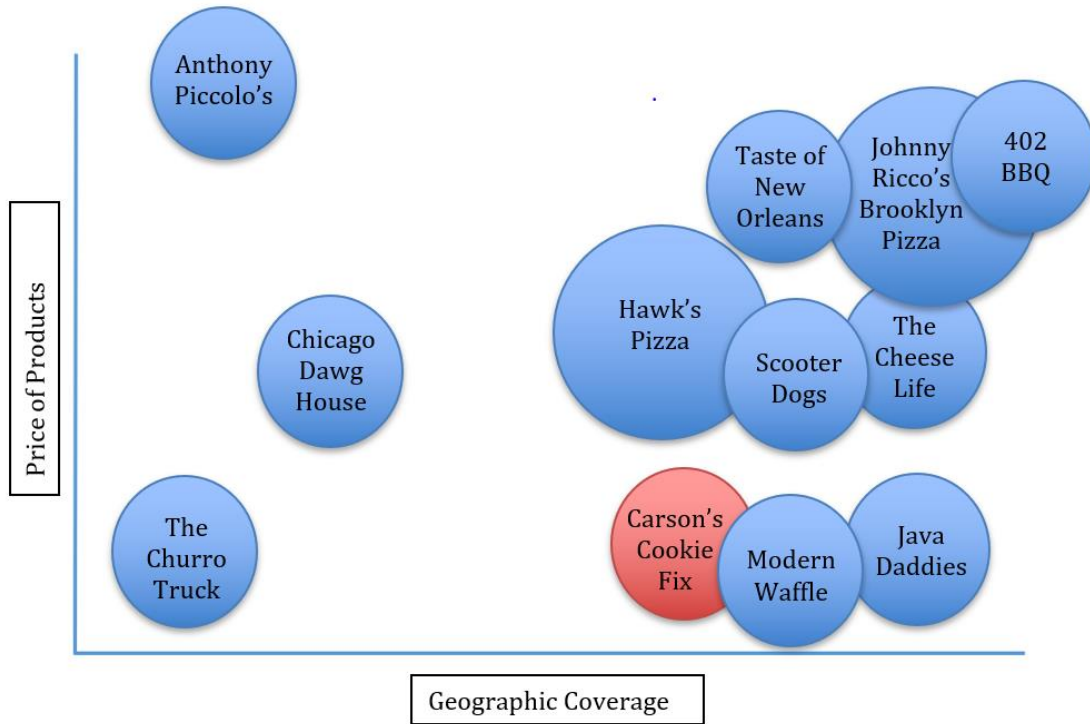
**Photo 4:** Cookie Truck



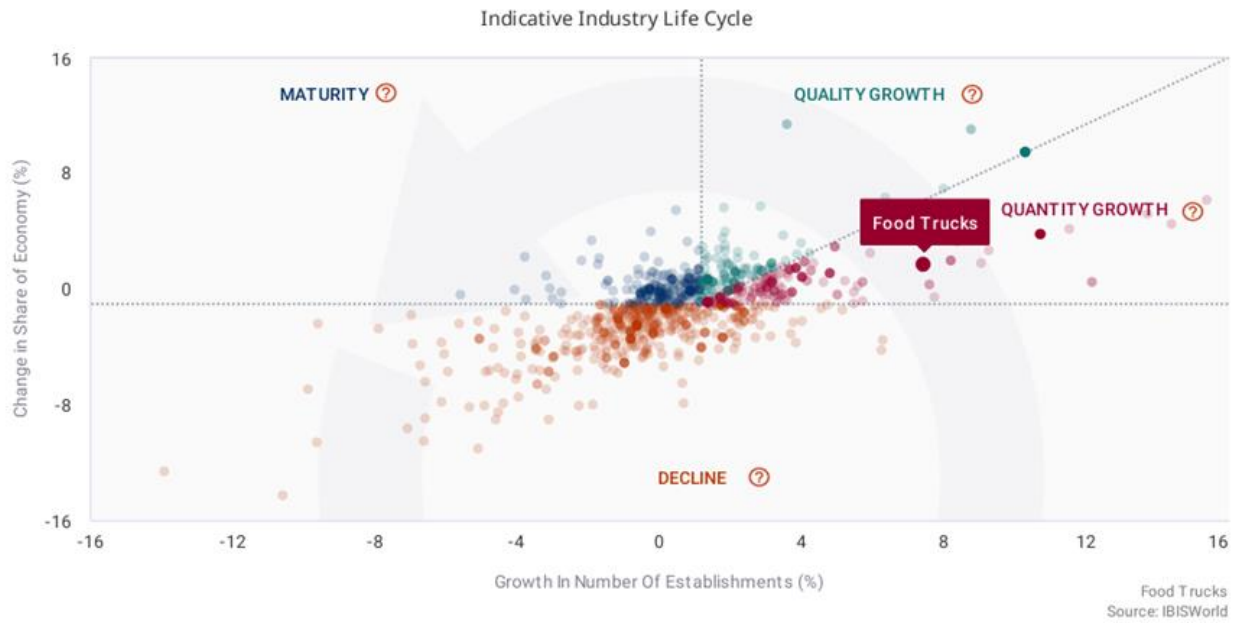


## Appendix B

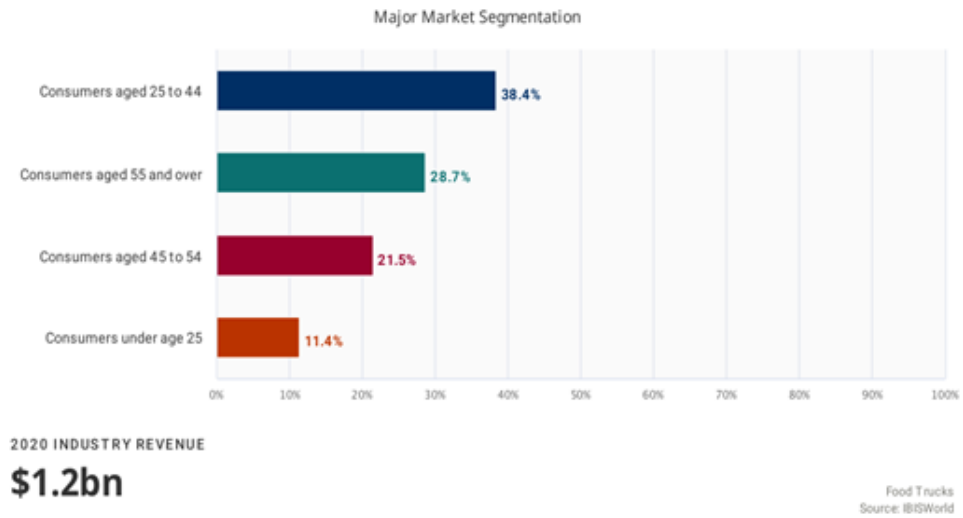
**Figure 1: Strategic Group Map**



**Figure 2: Indicative Industry Life Cycle**

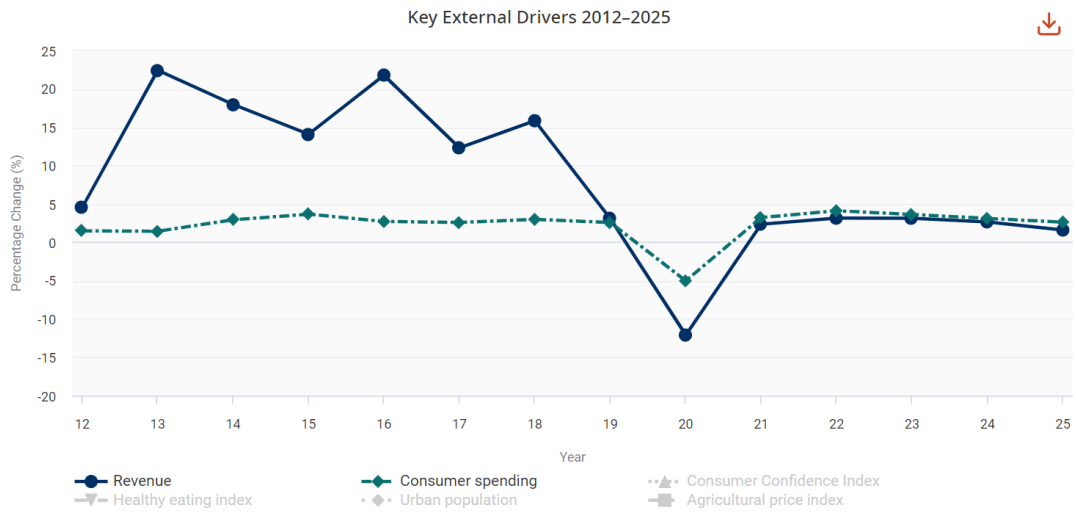


**Figure 3: Major Market Segmentation**

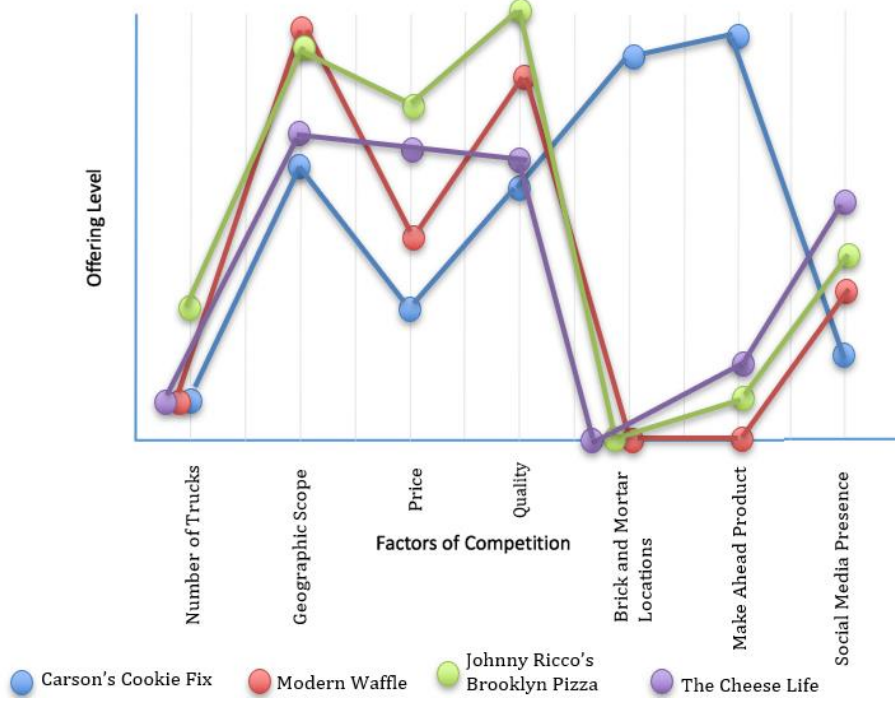


**Figure 4: Key External Drivers**

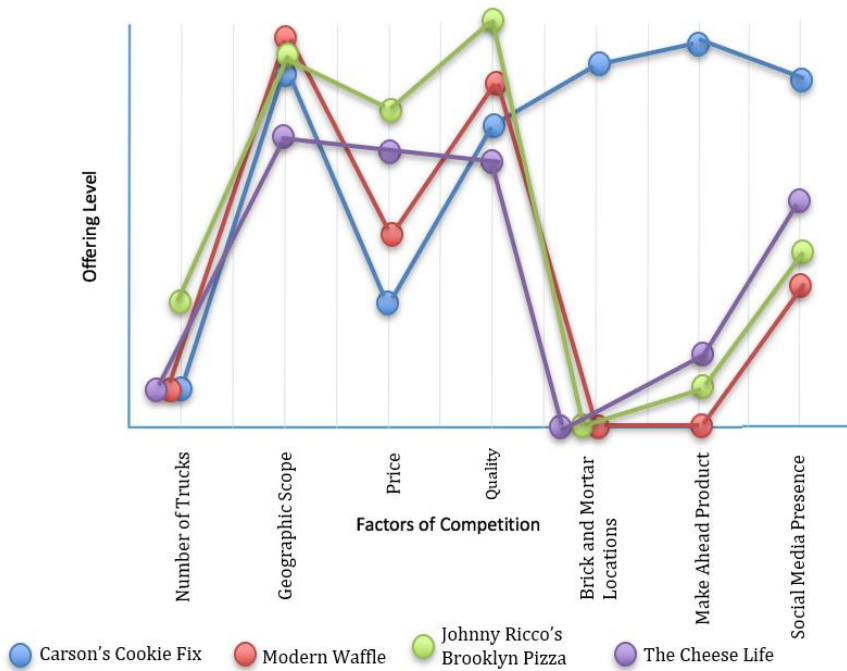
Key External Drivers



**Figure 5: Current Strategy Canvas**



**Figure 6: Proposed Strategy Canvas**



## Appendix C

### External Analysis: **PESTEL, Macro Environment**

Political	Economic	Sociocultural	Technological	Ecological	Legal
<i>Examples:</i>	<i>Examples:</i>	<i>Examples:</i>	<i>Examples:</i>	<i>Examples:</i>	<i>Examples:</i>
2020 Election	Global Pandemic	Health-Conscious Consumer	Newer trucks offer advantages	Pollution food trucks use a lot of gas and exhaust that seeps into the air	Laws governing food trucks differ between cities
Global Pandemic	Economic recession	Food preferences based on race	Advanced POS system allow for the use of smartphones to take payments... easier payment process as a whole	Global Warming	Parking laws are constantly changing
Brick and mortar restaurants have lobbied against food trucks that are in direct competition with them	Most cities have begun to reach a saturation point for food trucks, resulting in low profit and low overall gain with them	Changing preference to gourmet cuisine (hopefully will help spur industry growth)	Food trucks use social media like Facebook and Twitter to communicate to customers where they will be located that day	Agricultural price index (indicator of the prices vendors can expect to pay for ingredients) has been trending downwards, but is expected to increase in 2020... potential thread to the industry	Most food trucks aren't eligible for the Paycheck Protection Program (PPP) as well as the Economic Injury Disaster Loan (EIDL)... risk of exiting the industry permanently
	Growing household income allows more money to be spend on non-necessities...	Urban population where most food trucks operate is expected to increase in 2020	QR codes are being used for virtual menus on your phone so you know what you want when you get to the window	Weather is a big determinant of demand. If its bad weather, no one will come stand outside for a food truck	Mandate the distance a food truck must be from a brick-and-mortar restaurant
	However, due to global pandemic, consumer spending is decreasing (see key external driver graph above)		Some food trucks allow customers to preorder their meals and pick them up to skip the line		Specify the hours food trucks can operate

**External Analysis: 5 Forces, Competitive Environment (Industry Level)**

Threat of Entry	Power of Suppliers	Power of Buyers	Threat of Substitutes	Threat of Rivalry
Economies of Scale LOW	# of Suppliers HIGH	# of Buyers: HIGH	Availability of Substitutes HIGH	Industry Structure PERFECT COMPETITION MOVING TO MONOPOLISTIC COMPETITION
Network Effects LOW	Degree to which industry firms are important: LOW	Degree of Standardization of Products Low	Customers' Switching Costs LOW	Industry Growth LOW
Customers' Switching Costs LOW	Industry Firms' Switching Costs LOW	Buyers' Switching Costs Low	Price and Performance of Substitutes HIGH	Degree of Strategic Commitments LOW
Capital Requirements MEDIUM	Degree of Differentiation of Suppliers' Products LOW	Threat of Backwards Vertical Integration		Exit Barriers LOW
AIS (i.e., brand, proprietary tech, know-how, favorable access resources, learning curve) LOW	Available Substitutes for Suppliers' Products HIGH	Buyers' Price Sensitivity High		
Gov. Policy HIGH	Threat of Forwards Vertical Integration			
Threat of Retaliation LOW				
Threat = HIGH	Threat = LOW	Threat = HIGH	Threat = HIGH	Threat = HIGH

**Internal Analysis: VRIO Analysis**

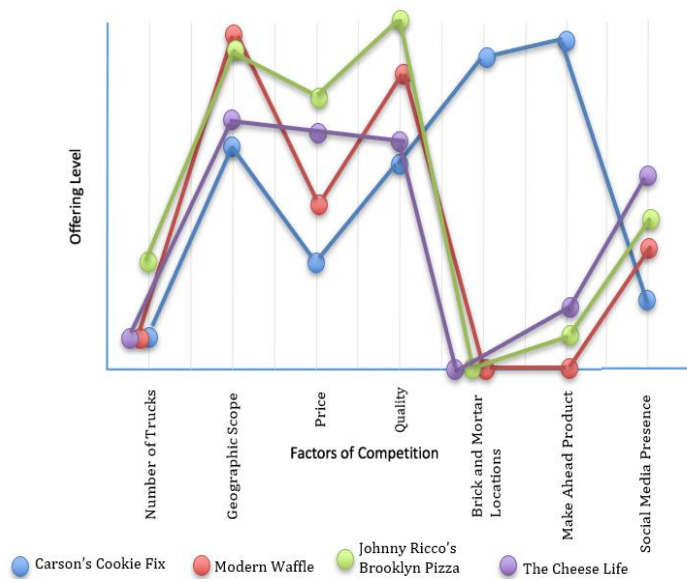
Resources & Capabilities	Valuable	Rare	Barriers to Imitation	Organized	Substitute	Competitive Implications (SCA, TCA, Parity, Disadvantage)
Mobility	Y	N	N	Y	Y	Parity
Merger w eCreamery	Y	Y	Y	Y	Y	TCA
Warehouse	Y	N	N	Y	Y	Parity
Cookie recipe	Y	Y	Y	Y	Y	TCA
Niche product mix	Y	Y	N	Y	Y	TCA
Quality control	Y	N	N	Y	Y	Parity
Low operating costs	Y	N	N	Y	Y	Parity
Proximity to key market	Y	N	N	Y	Y	Parity
Access to eCreamery customer market	Y	Y	Y	Y	Y	TCA
Food can be prepared ahead of time	Y	N	N	Y	Y	Parity
Seasonal menu items	Y	N	N	Y	Y	Parity
You can go to your market	Y	N	N	Y	Y	Parity
Use of eCreamery ice cream in product	Y	Y	Y (legal)	Y	Y	TCA

### Business Level Strategy: Sources of Cost Leadership and Differentiation

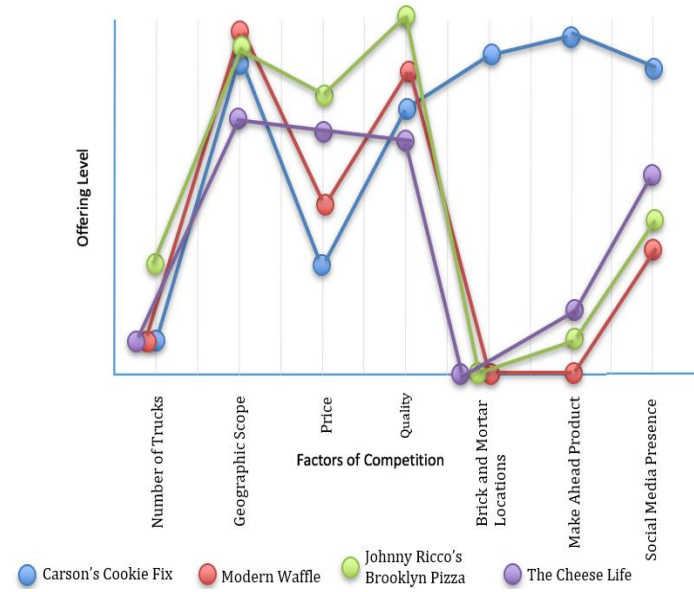
Sources of Cost Leadership and Differentiation	
<p><i>Cost Leadership - Examples</i></p> <ul style="list-style-type: none"> <li>Cost of Inputs (VRIO) – high quality = high cost</li> <li>EoS (V) - none</li> <li>Learning Curve Economies (VR) - none</li> <li>Experience Curve Economies (VRIO) – maybe a little</li> </ul>	<p><i>Differentiation - Examples</i></p> <ul style="list-style-type: none"> <li>Product Features (V) – unique recipes, seasonal flavors</li> <li>Quality or Reliability (VR) – high quality product</li> <li>Convenience (VR) – food truck at local events, very accessible</li> <li>Reputation – Firm Customer Relationship (VRIO) – good relationship with consumers</li> <li>Firm Linkages (Within &amp; Between Firms) (VRIO) – eCreamery</li> </ul>

Blue Ocean Strategy: ERRC Grid & Strategic Canvas

Strategic Canvas (current)



Strategic Canvas (proposed)





### Comprehensive Problem Formulation

Problems	Level of Problem
Underutilization of resources provided from merger with eCreamery	Corporate
Little to no marketing for the truck as a separate entity of Carson's Carson's = 1,456 Instagram followers eCreamery = 4,437 Instagram followers	Functional
Increased innovation from competitors	Business
Changing consumer preferences (health conscious)	Corporate
Uncertainty from COVID-19	Business
Increased difficulty in getting supplies	Functional
High competition from the industry because of low barriers of entry	Corporate
Increasing market saturation	Corporate
COVID-19 heavily impacted revenue from the food truck industry	Business