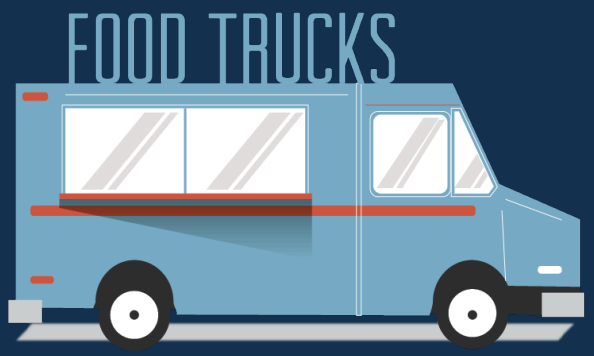
Social Media and Entrepreneurship: The Case of Food Trucks

Scott Wallsten

- Lunch Nugget -

October 27, 2015

@scottwallsten @GeorgetownCBPP



Social Media Hype

"Smart businesses know that social media is a power to be reckoned with, as it creates a direct line of communication between your company and consumers and allows anyone with an internet connection instant access to the latest buzz around your products or services. Not to mention, it can help you to generate revenue, while building your brand presence."

Entrepreneurship, Feb 28, 2014

Do Social

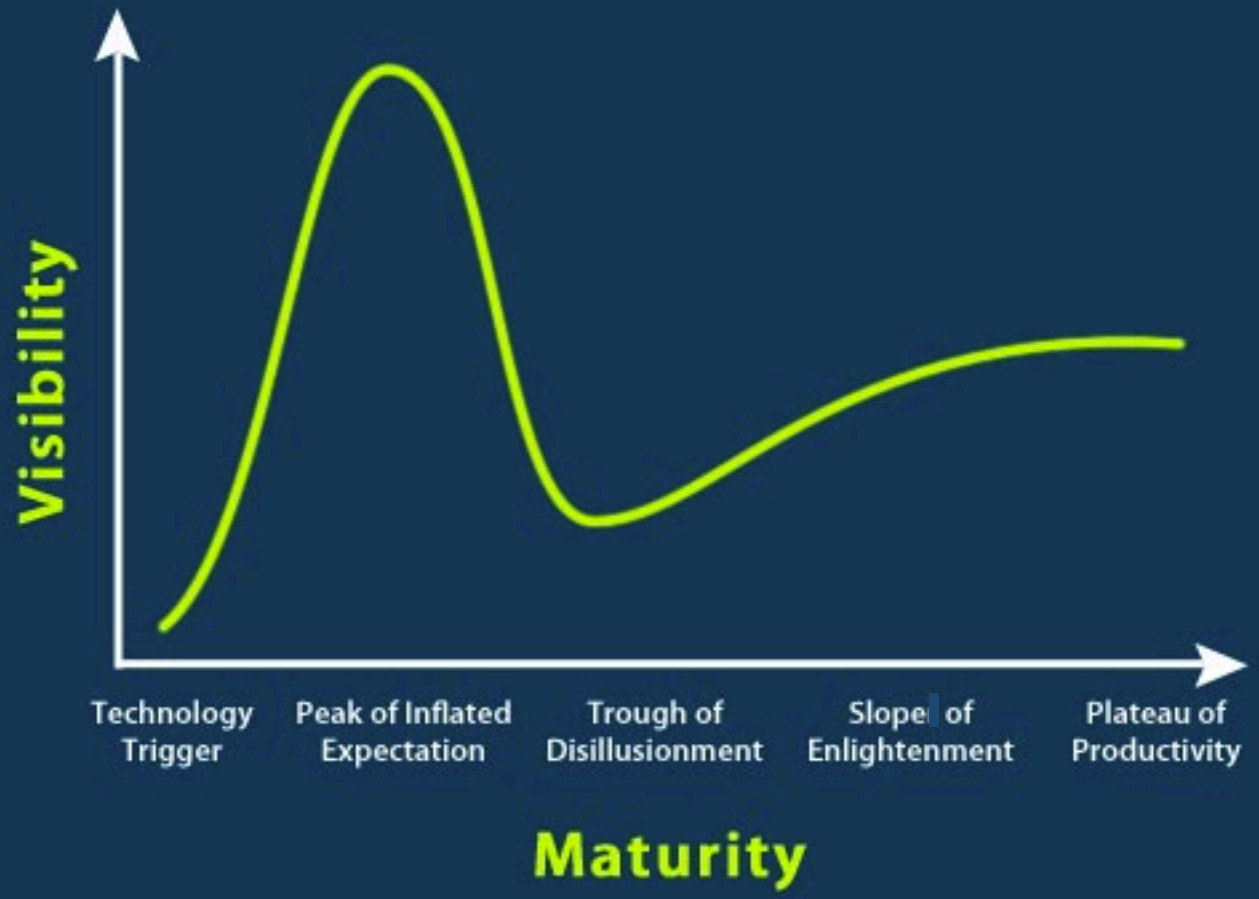
"In the technology-oriented world of today, if your startup doesn't use social media, you're basically turning a blind eye to a huge opportunity. And I'm not just talking about online businesses ... brick and mortar businesses can benefit too (... considering how much local review sites like Yelp … impact offline purchases)."

https://dosocial.com/blog/188-best-social-media-tools-for-startups

twitter

Zoom: 1d 5d 1m 3m 6m YTD 1y 5y 10y All
Nov 15, 2013 - Oct 26, 2015 -10.7 (-25.69%)
70
60
50
40
30
2014
2015
Volume (mil / 1wk)
310
155

HYPE CYCLE


Visibility
Technology Trigger
Peak of Inflated Expectation
Trough of Disillusionment
Slope of Enlightenment
Plateau of Productivity
Maturity

Hungry

Why is lunch still $10?

Does social media matter?

~~Hungry~~

Why is lunch still $10?

competition and regulation

Does social media matter?

hype vs reality

Is social media important for food trucks?

Which trucks are good?

I'm famished! Where is the closest truck?

What do I want to eat today? I'll just head to a cluster of trucks.

hungry

A Little History[1]

[1] Very little.

22-656

The Crepuscule
Tahiti's Finest Crepes

Gourmet Genie
gourmetgenie2go
Full Service Catering Available!
www.gourmetgenietogo.com

RED HOOK LOBSTER POUND
SPREADING LOBSTAH LOVE!
maine root
handcrafted beverages
www.redhooklobsterdc.com
info@redhooklobsterdc.com

LOCAL CREAMERY MILK
& ICE CREAM
FRESH HAND MADE
COOKIES
CaptainCookie
CaptainCookie

Dataset of every truck that entered/exited DC-area market 2009-2013

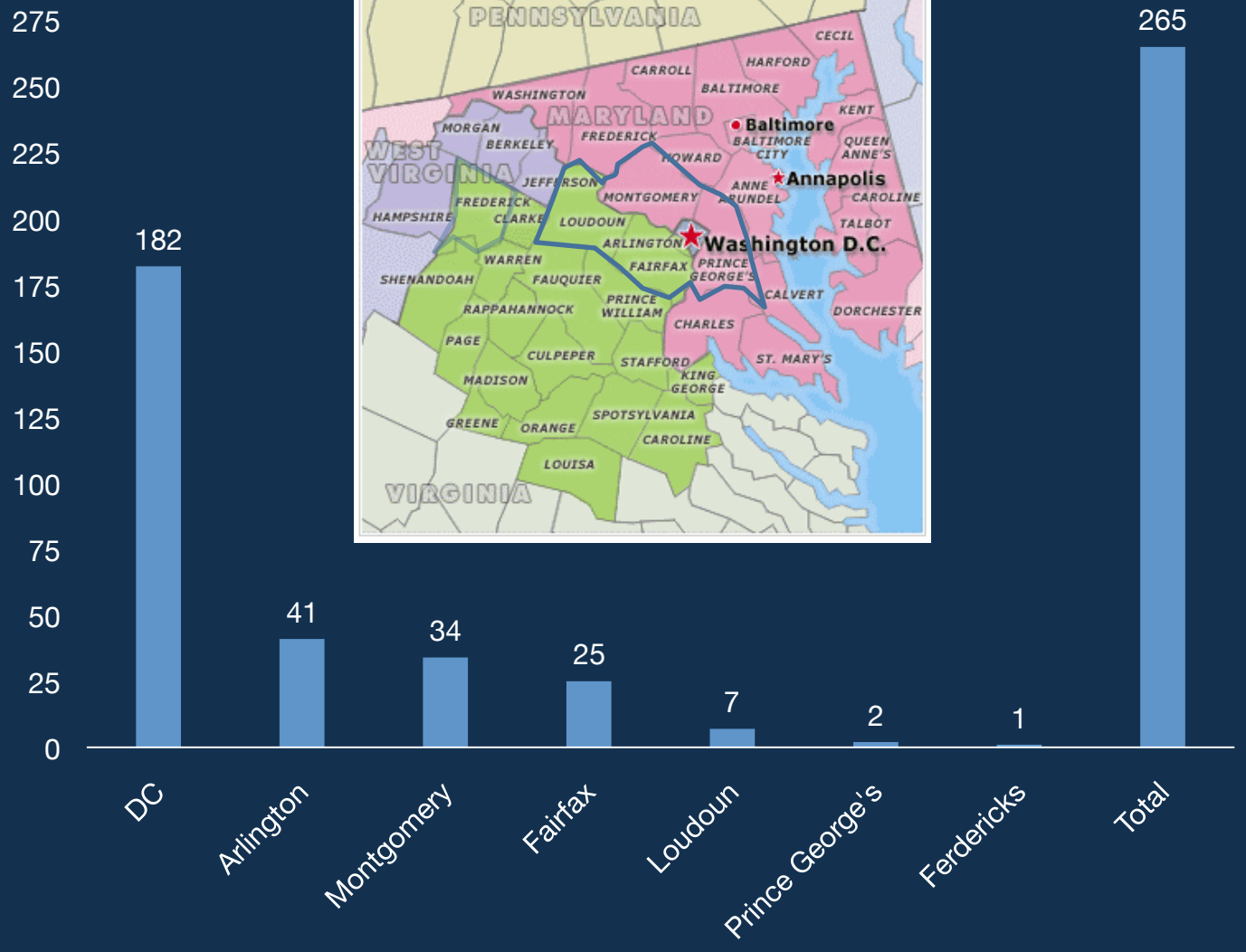
List of trucks:
foodtruckfiesta.com
- Internetarchive.org

Twitter data:
Twitonomy.com

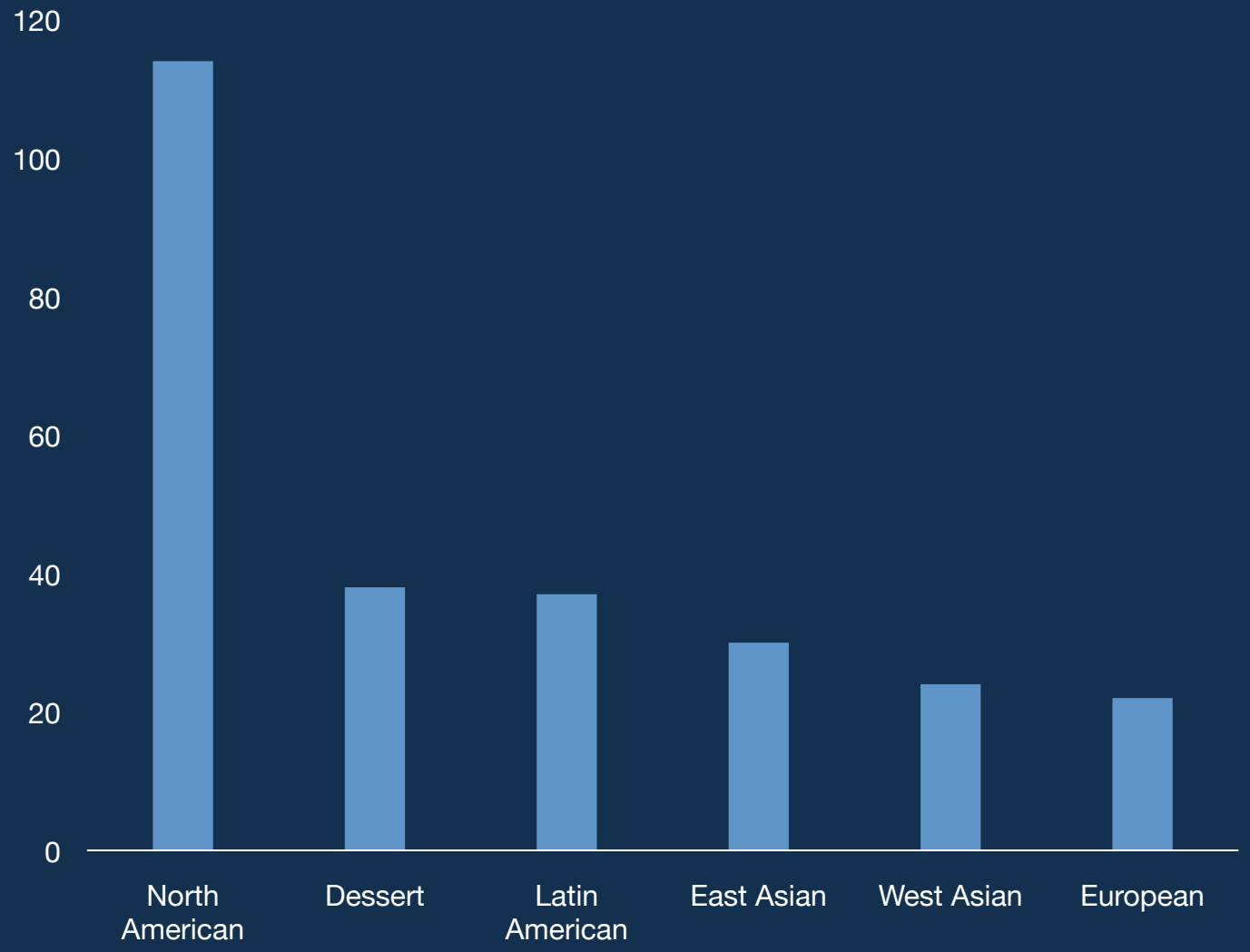
For each truck:
Type of food sold
Menu prices
Date entered/exited market
Also brick&mortar?
Tweets
    Number by month
    Number followers
Facebook page
    yes/no
    If yes, number likes
Website yes/no
Reviews
    Number
    Average rating

Number of Trucks by City/County

(a single truck can operate in multiple counties)



Number of Trucks by Type of Cuisine



Social Media Indicators

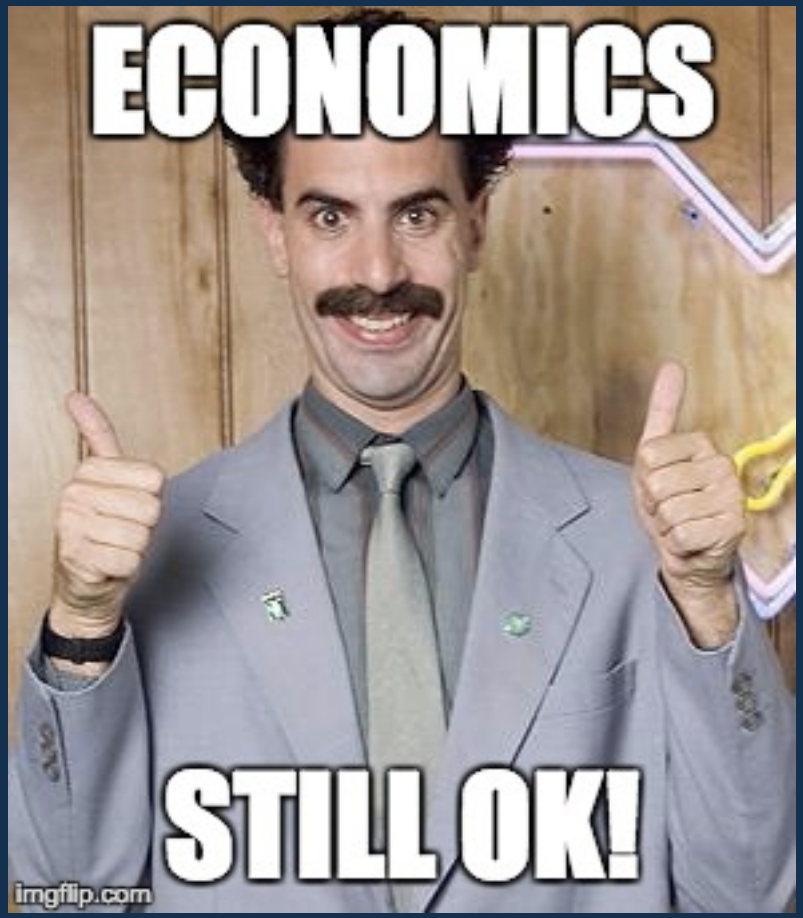
Variable	**Mean**
Number of tweets	1709
Tweets per weekday	2.55
Facebook page?	0.54
- number of likes if yes	951
Number of reviews	4.32
Review stars	3.85

Prices

Cuisine	Mean ($)	Median ($)	Standard Deviation ($)
East Asian	8.84	8.00	1.45
Latin American	8.23	8.00	1.53
North American	8.19	8.00	2.08
West Asian	8.11	8.00	1.20
European	7.97	8.00	1.97
Dessert	3.80	3.00	1.30

What are the effects of competition?

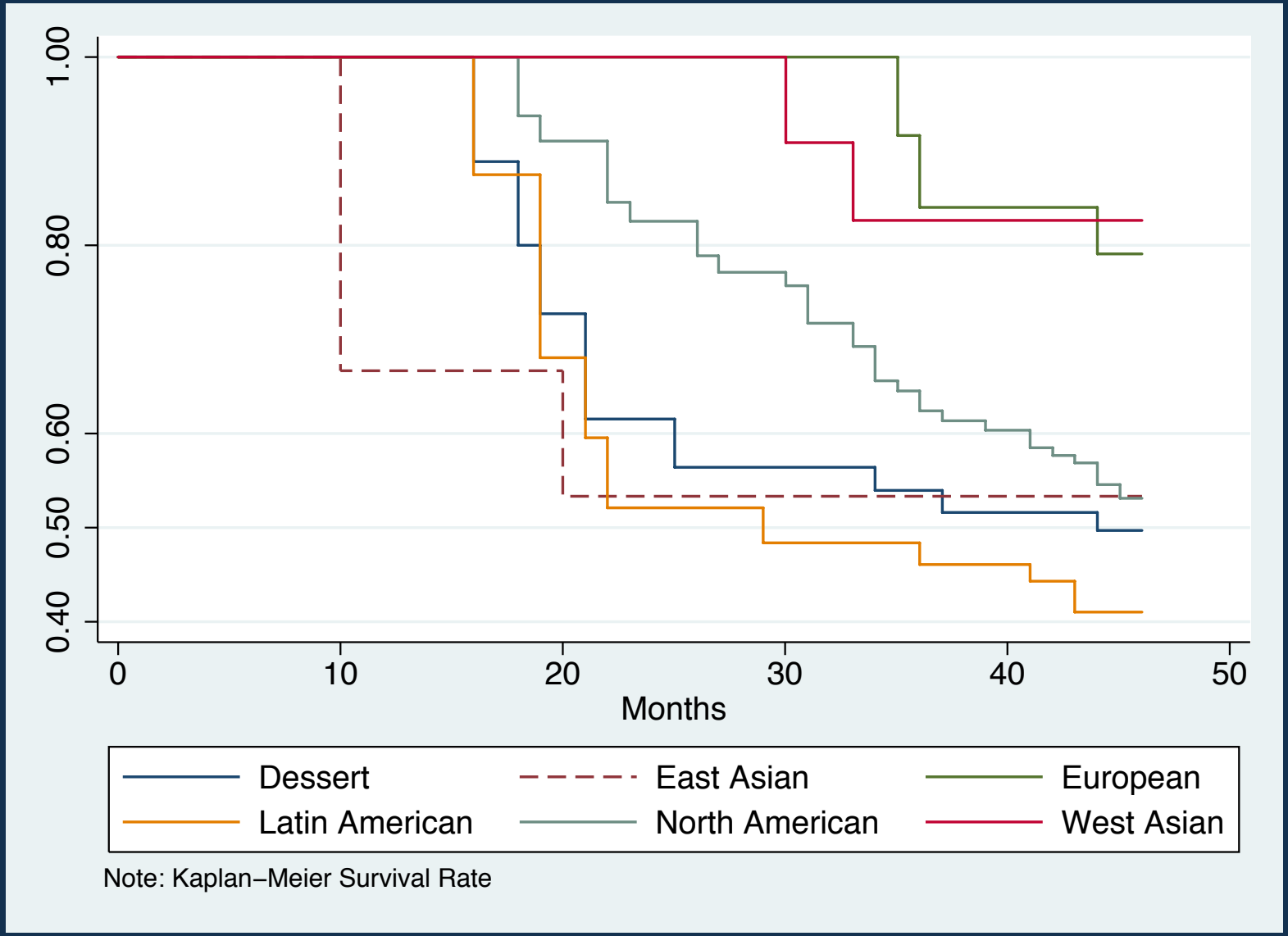
More competition ➔ Lower prices



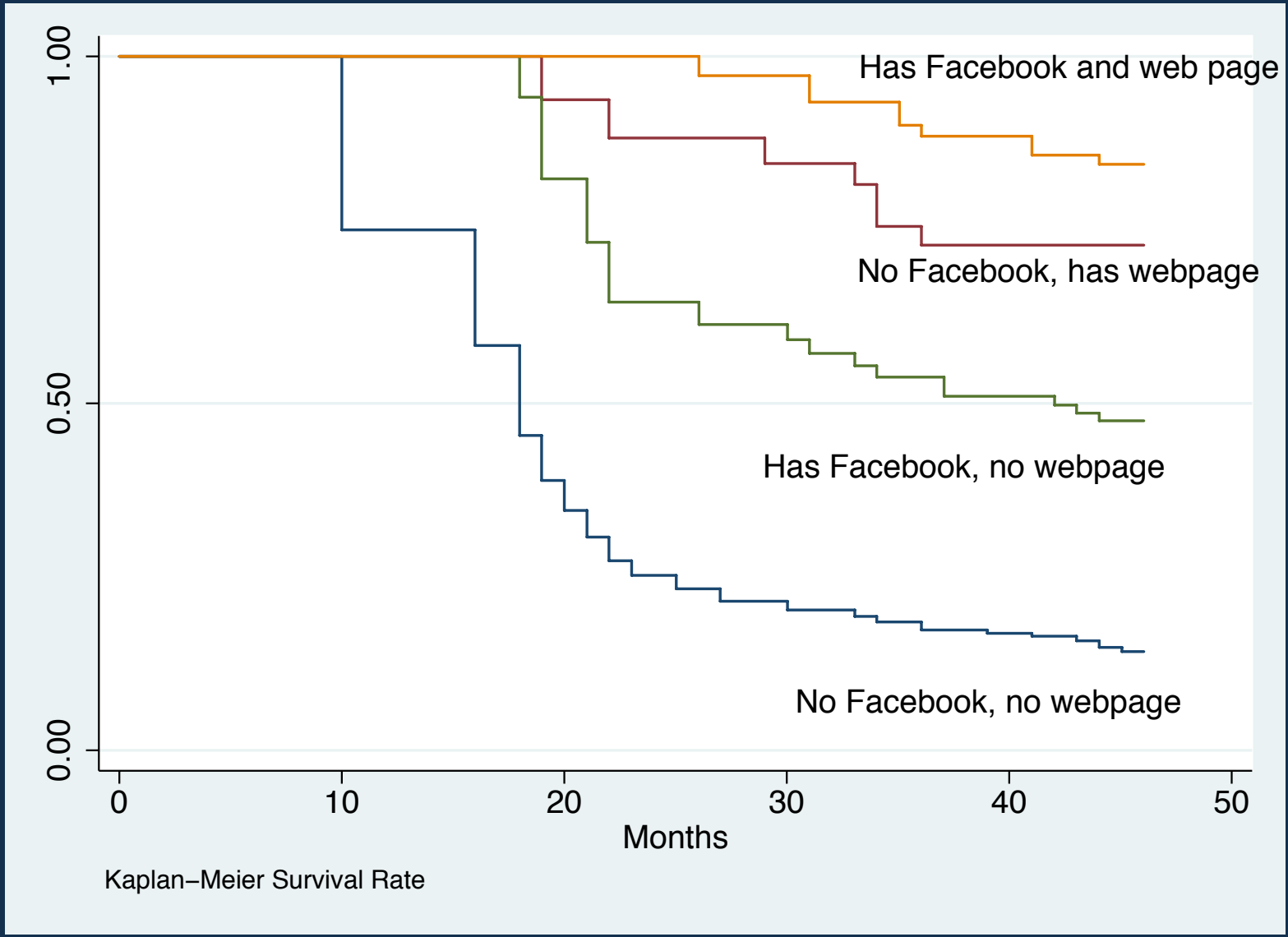
Survival Analysis

$$S(t) = \Pr(T > t)$$

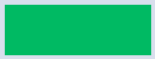
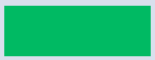
Survival Rate by Cuisine



Survival Rate by Facebook/Web Page



High-Level Regression Summary

Has Facebook page		
Has website		
Twitter	Number followers	
	Number of tweets/weekday	
	One tweet/weekday	
	Two tweets/weekday	
	Many tweets/weekday	
	Twitter age rel. to truck age	
Reviews	Number	
	Rating	

negative and significant
(GOOD bc means
less likely to die)

Positive and significant
BAD bc means
More likely to die

not statistically
significant

Summary

2 tweets per day – truck survives longer than trucks with more or fewer tweets

➔Some evidence that people look for particular trucks

More reviews – truck survives longer

➔ Probably just an indicator of demand

Average review score – irrelevant

➔ Bad/good reviews don’t matter?

Next Interesting Food Truck Question

Have regulations passed by Food Truck Association & DC blocked entry and raised prices?

DMVFTA
DC, Maryland and Virginia Food Truck Association

DUES

Membership is $50 per month. Members with a second food truck pay an additional $10 per month and members with three or more food trucks pay an additional $5 per month per food truck.

As stated in the FTA By-Laws, members are also required to pay additional assessments as needed. Assessments are in extreme cases and only by necessity to pay for short-term expenses such as legislative representation or political campaigns.

All members agree to adhere to the By-Laws of the DMV Food Truck Association. Download the FTA **By-Laws here.** All members also agree to follow the FTA Events Policy. Download the **Events Policy Here.**

★ EVENTS AND PROMOTION

Only members are eligible to participate in FTA events, including the Alexandria Food Truck Rodeo, Curbside Cookoff and Wheaton Trucktoberfest, as well as to take part in the DMV Food Truck Awards, Food Truck Bike Tours and Food Truck Week.

http://www.dmvfta.org/join/

October 2015 MRV Location Lottery Results

Site Permit	Business Name	Monday	Tuesday	Wednesday	Thursday	Friday
VSP-01045	#222	L'Enfant Plaza	Metro Center	OFF	Waterfront Metro	OFF
VSP-00170	A & J Food Enterprise L.L.C.	Patriots Plaza	OFF	OFF	Franklin Square 13th St	Farragut Square 17th St
VSP-00675	Abbas Sadeghi	Virginia Ave (State Dept)	OFF	Waterfront Metro	OFF	Franklin Square 13th St
VSP-00019	Adil Ouinaksi	Union Station	OFF	Franklin Square 13th St	OFF	L'Enfant Plaza
VSP-00573	Ali Abdelghany	OFF	Farragut Square 17th St	Virginia Ave (State Dept)	OFF	Union Station
VSP-00960	American & Mediterranean Food	L'Enfant Plaza	Union Station	OFF	Franklin Square 13th St	OFF
VSP-00326	America's Distributors Ltd	OFF	Farragut Square 17th St	OFF	Virginia Ave (State Dept)	OFF
VSP-00649	America's Distributors Ltd	Farragut Square 17th St	OFF	Virginia Ave (State Dept)	OFF	L'Enfant Plaza
VSP-00160	Amorini Panini, Inc.	OFF	L'Enfant Plaza	OFF	Virginia Ave (State Dept)	OFF
VSP-00161	Amorini Panini, Inc.	L'Enfant Plaza	OFF	Virginia Ave (State Dept)	OFF	Union Station
VSP-00626	Arepa Zone	OFF	Franklin Square 13th St	OFF	Metro Center	OFF