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## Cal-in-Sac Undergraduate Research on Diversity and Entrepreneurship

### Title

The Challenges LA County Latino Food Truck Owners Face in Opening and Expanding their Business

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# CAL-IN-SACRAMENTO FELLOWSHIP PROGRAM, FALL 2022

## DIVERSITY AND ENTREPRENEURSHIP IN CALIFORNIA

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In the spring of 2021, IGS launched a two-year Diversity and Entrepreneurship Fellowship as part of the Cal-in-Sacramento Fellowship program. Now in year two, IGS and the Matsui Center are proud to showcase students' original research on the challenges and opportunities facing women- and POC-owned small businesses and diverse entrepreneurs in California. This series includes op-eds, blog posts, policy briefs and other research products. Learn more at <https://igs.berkeley.edu/matsui-center/fellowships/cal-in-sacramento>.

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# **The Challenges LA County Latino Food Truck Owners Face in Opening and Expanding their Business**

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Over the past 10 years, the number of Latino business owners grew 34%, compared to 1% for all business owners in the United States, according to a recent study from [Stanford University](#). Even with these numbers, the median wealth of a Latino household was approximately \$14,000, a mere 9% of White households' median wealth of \$160,200 according to the [National Community Reinvestment Coalition](#). For some Latino households, wealth is growing due to the opening of their own businesses, many in the form of food trucks. It's important to understand the struggles Latino food truck owners face when opening and maintaining their businesses to increase the number of Latino entrepreneurs.

## **Overview:**

By conducting interviews with seven food truck owners in Los Angeles County, I learned more about their experience opening their food trucks and keeping their businesses running. I learned about their backgrounds, past businesses/jobs, struggles, and triumphs. All the entrepreneurs I spoke with were Latino, and all had previously sold food through their homes or on the streets through food stands before opening up their food trucks.

## **Background of the Latino Entrepreneurs before Opening their Food Trucks:**

All the individuals I spoke with had prior experience working in the retail and food industries. Many mentioned that their wages weren't enough to support their families, and it motivated them to start their businesses selling food, ranging from Asian-inspired food items to Latinx foods, Tex-Mex foods, and desserts. The foods they sell are meaningful to them because they were either taught how to make or created their recipes. Two of the interviewees mentioned that they first started selling their foods through social media like Facebook Marketplace, local Facebook pages, and Instagram by offering to place their orders through private messages and allowing for pickups, and in some cases delivery at extra cost. The other five started selling directly outside their homes or on street corners.

## **The Difficulty in Switching from Street Food Vending to Opening up their Food Trucks, Navigating Bureaucracies and Local City Agencies:**

After learning about their start selling food, I quickly learned that they faced troubles in selling food in a registered manner both in the cities they sold food in and also with the Department of Public Health. Three of the individuals I spoke to mentioned that they had lost revenue due to local police enforcement throwing away the food they were selling, due to not having all the

necessary licenses and permits to sell their foods as food stands. They mentioned that they did not have enough money to spend on all the necessary documentation, or sometimes they did not get all the information they needed. All the vendors mentioned they wanted to sell legally, but all of these barriers made it incredibly difficult to do so. Many saved up money and asked to borrow money from family members before resorting to asking a bank for a business loan. They all ended up needing additional funds and asked for loans from the bank and used the money they gathered as a deposit in order to afford their first food truck and all the other fees. Some cities even made it difficult for their businesses to thrive; they were unable to sell in their home cities due to city ordinances. This caused many to have to commute a longer route to a neighboring city, which resulted in them having to spend more money on transportation, but also losing their local clientele from their food stands

### **The Hardships these Food Truck Owners Faced Once Opening, Maintaining and Expanding their Businesses:**

Most of the owners depicted that they lost much of their usual clientele due to city regulations that made it nearly impossible to remain in their usual locations. Some mentioned they had to advertise through social media more than usual because they relied on advertisement through clients who shared news about their businesses through word of mouth. In addition, after asking for bank loans, they had troubles affording their monthly costs on top of their high interest rates, which many described as way too expensive. I asked about costs associated with maintaining their food trucks and one owner mentioned they had to make over \$6,000 in a month to be able to clean the food truck, afford insurance, and afford the monthly payments and interest without taking into account the other costs. The same vendor at one point had two food trucks, but he mentioned that it all became too expensive to keep both food trucks running and had to sell one. In addition, he mentioned that crime and burglary was another factor in his decision to shut down one of his trucks due to having been attacked physically by a group of people and robbed multiple times, adding onto his financial difficulties. Those monthly loan and insurance payments were still going to continue despite hardships out of their control. Many spoke to the instability of selling food trucks, as was highlighted during the COVID-19 pandemic. Most of these vendors relied on usual clientele that worked in the area and purchased food during their breaks, but because of lockdowns and remote work, many saw a decline in their business.

### **Conclusions:**

After speaking with Latino food truck owners, I noticed a trend in difficulties opening their own businesses, including the need for more grants to support Latino entrepreneurs, because many of them just needed a little push to start their own business. In addition, lower interest rates for business loans would significantly help entrepreneurs, along with better protections for food truck vendors to avoid becoming victims of crime or theft. And lastly, providing an easier-to-navigate agency in charge of supporting them and helping them figure out all the necessary licenses and permits they need in order to legally operate their food truck businesses.

## Works Cited

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