

HOTEL & RESTAURANT

VOL.356 since 1991
NOVEMBER 2020

11

GLOBAL HOSPITALITY MAGAZINE | 호텔앤레스토랑 | www.hotelrestaurant.co.kr

H The 9th
KOREA HOTEL SHOW in **coex**
& Conference 2021.03.31Thu~04.03Sat

KOREA HOTEL SHOW 2021

진정한 네트워크 장의 의미를 살려라

FEATURE I_ 중소형호텔, 포스트 코로나 대비해 기지를 발휘하다

II_ 자격을 누리다, 호텔 멤버십

HOTEL TREND_ 라운지를 재조명하다

TOURISM TOPIC_ 방한 관광 편중의 해결책, 지역 관광거점도시

ZOOM IN_ 주객전도 굿즈마케팅?

H HOTELIN
NETWORK
호텔리어 공유&채용 플랫폼



우수콘텐츠잡지

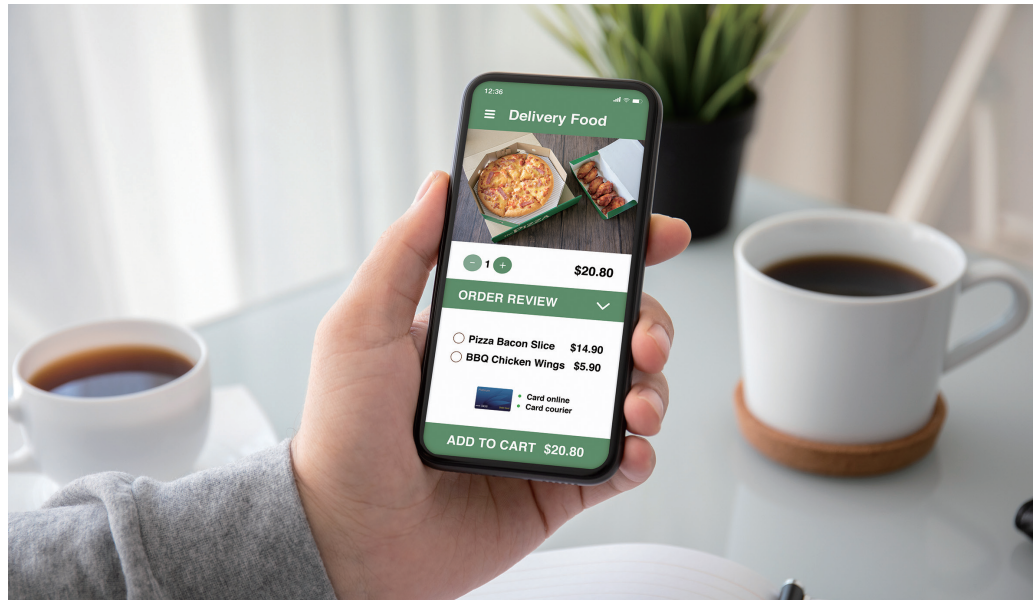


9 771227 683000
ISSN 1227-6839 (print)
ISSN 2384-3187 (on-line)

통권 356호 / 등록번호 마포라-00220 / 2020년 10월 25일 발행 / 정가 9,000원



Should A Restaurateur Consider Dark Kitchens?



Many of our clients in Asia and around the world are watching the rapid rise of dark kitchens as a potential solution to high real estate prices. Our team at the East West Hospitality Group is very familiar with these new distribution channels and is working with many of our clients to assess the potential opportunities.

There are many terms for this trend – dark kitchens, ghost kitchens or cloud kitchens – but they basically all mean the same thing. Essentially the restaurant group in question forms a relationship with an operator of a location that provides space for the preparation of meals that can then be delivered in a given trade area.

There are mainly two different models that are gaining traction. First, the restaurant can lease space in a dark kitchen and operate the business itself with its own capital. All the ordering and delivery is managed by the dark kitchen in question. There is more revenue upside but also more capital risk. The second method is a direct license

whereby the restaurant brand gets a royalty on their sales and the dark kitchen prepares the food with its own staff. Royalties per location may not be that high but there is the opportunity for many locations in the future. Let's examine which method if any is right for your business.

First, it is important to understand that this is a channel that thrives on simplicity. If you have complicated cooking preparation or cooking procedures you should not be in the dark kitchen business, especially if you are relying on others to cook your food. There are simply too many steps in the process that can go wrong. Brands like David Chang's Momofuku are entering this space but they are offering very limited menus such as fried chicken sandwiches and forgoing noodle dishes. A USA brand like Wingstop which sells primarily fried chicken wings is a perfect type of concept for this channel. In fact, many USA casual dining groups like Darden and Blooming Brands are starting their own chicken wings virtual brands using

their existing restaurants and third-party delivery aggregators like Doordash.

Crave Delivery is a new dark kitchen concept with a fully contained ecosystem. They are focusing on chef driven concepts with higher delivery value compared to fast food menu items. The restaurants themselves are responsible for all meal preparation and invest their own capital to purchase basic kitchen equipment which averages around \$60,000. The full digital platform is managed by Crave and they do all their own deliveries. This platform eliminates many of the failure points associated with dark kitchens and third-party delivery companies.

There are variations on the Crave Delivery model such as Kitchen United but this company relies on third party delivery which can add complications such as late deliveries, rude drivers, etc., which generally reflect poorly on the brand itself.

Another interesting new idea is REEF KITCHENS which is primarily a real estate company. The founders raised cash from SoftBank and bought several companies which controlled parking lots in key urban centers across the USA. They are placing kitchen pods on the lots and using them to make and deliver food together with other good & services. They directly license a brand on a location by location basis, prepare the food after undergoing training from the brand owner, and use the third-party aggregators to deliver the food & services in the neighborhood. There are more than 100 locations currently in operation with plans to expand to 400+ locations within 2021. It appears that the group controls as many as 4500 parking lots throughout the USA so the reach is indeed vast. Brands that tie up with Reef can gain scale quickly if consumers find the products appealing, but there are two major risks. A brand is trusting its food preparation to a third party so there is nobody from the brand itself overseeing daily operations. Second, delivery is delegated to third-party companies as well that are not known for great customer service.

Wow Bao, a Chinese steamed bun concept, is trying another method to expand its brand footprint. They recruit other restaurants or commissary kitchens to prepare their key menu items and use third parties to deliver. These licensees are essentially looking at gaining incremental revenue from a whole new menu line without adding any incremental costs.

Finally, I would offer an idea from New York City, where a local restaurant group is creating virtual brands inside their own restaurants to expand sales and their customer base. The company, Ghost Truck Kitchen offers 10~12 different digital food truck concepts, "Ghost Trucks," using a single brick and mortar retail kitchen space in a vibrant neighborhood. They focus exclusively on pickup, delivery, and catering using sustainable packaging and organic ingredients. Their long-term goal is to duplicate their model in target neighborhoods with small footprint brick and mortar stores, as they strive to become part of the fabric of neighborhoods while continuing to create a sustainable and profitable business.

I know that there is a lot of information to digest here but this brief tour can give the reader some idea about the major opportunities that exist with dark kitchens. Every hospitality company should be thinking about how they can leverage this channel to create profitable growth for their brand in the future. This trend is not going away any time soon!



Image_ Nation's Restaurant News