

---

# DARK KITCHENS 101

---

BRINGING MORE CUSTOMERS THE FOOD THEY WANT  
WITH HIGHER PROFITS AND LOWER COSTS

1. WHAT IS IT?

2. THE TRENDS

3. PROS AND CONS

4. BUSINESS MODEL



# The quirky term for a new food business model that delivers.

Millennial trends are changing the way people shop, interact, collaborate... and dine. People are spending less time eating in restaurants and have less patience for long waiting periods, but they still want to enjoy excellent food – in the privacy of their own homes. New delivery and takeout business models respond to this need and also pave the way for dark kitchens – or restaurants without the added overhead of in-house dining experiences.

Dark kitchens bank on the outstanding quality of their food and the customer experiences enabled by delivery and takeout. Operating a dark kitchen offers plenty of advantages, but there are also some unique challenges to take into account.

➤ *In this whitepaper, we will define the dark kitchen and highlight its pros and cons, investigate the trends that led to the rise of this new hospitality business model and explain different setups and considerations to keep in mind as you open your very first dark kitchen.*

**One thing is sure: getting the most out of your delivery channels will be key to your success.**

# Contents

## Chapter 1

### **Dark, ghost, cloud, smart and delivery-only kitchens**

The intro you need to grasp the business model.

## Chapter 2

### **The trends**

Find out what market forces and preferences shape the rise of dark kitchens.

## Chapter 3

### **Pros and cons**

Dark kitchens come with advantages as well as unique challenges to consider.

## Chapter 4

### **The business models**

Choose an operational model that matches your goals.

## Conclusion

Maximize the success of your dark kitchen by optimizing your delivery channels.

## Chapter 1

# Dark, cloud, ghost, smart and delivery-only kitchens 101

Q: Do you cook fantastic food?

Q: Tired of dealing with the stress and costs associated with operating a dine-in restaurant?

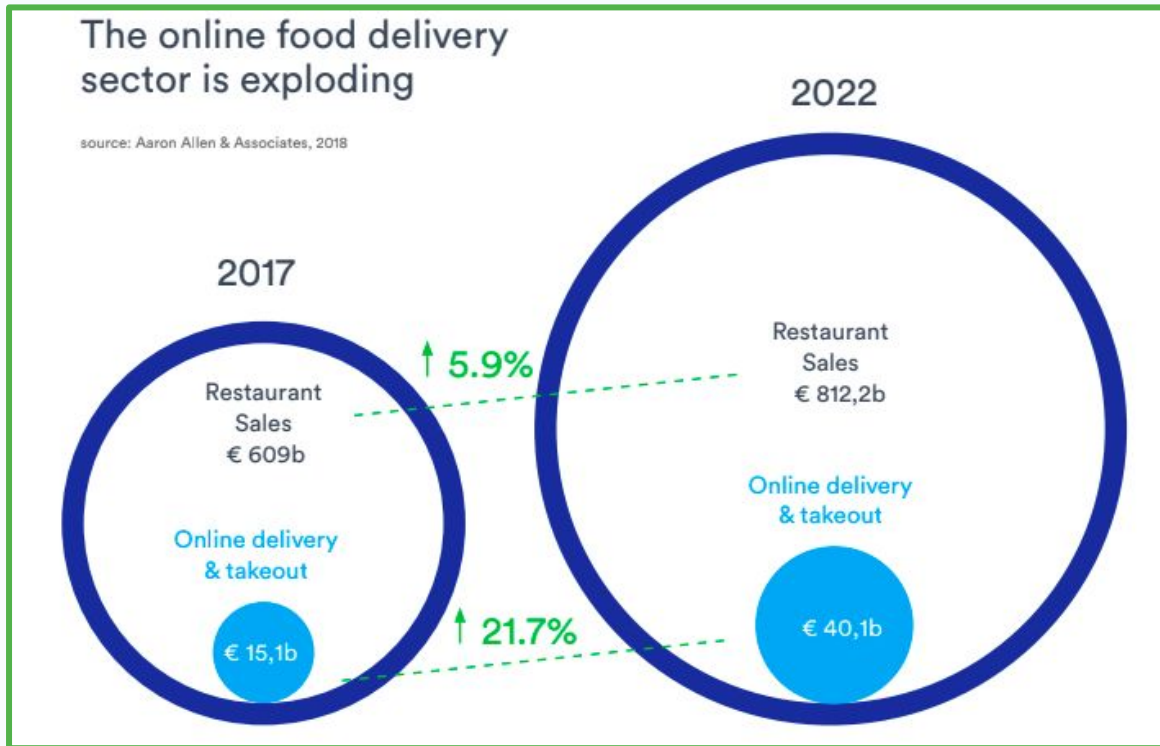
Q: Interested in bringing your great eats to new markets and demographics?

Q: Ready to focus entirely on the skyrocketing markets of delivery and takeout?

Embrace the concept of “restaurant lite” and consider opening a dark kitchen.

### Many terms, one concept

Dark, cloud, ghost, smart and delivery-only kitchens all refer to the same idea: a **restaurant that sells meals exclusively through delivery channels**. These restaurants offer no physical dine-in experience and instead cater only to customers eating meals at home.



Dark kitchens rely **solely on sales through online platforms**. In fact, the rise of delivery channels such as Deliveroo, UberEats, JustEat and many more make dark kitchens possible, as they enable food businesses to connect with customers and easily and quickly deliver meals to their residences.

Needless to say, dark kitchens must harness **cutting-edge technologies and new marketing techniques** to reach and keep their demanding audiences – which means a fundamental shift in mindset.

## Chapter 2

# The trends: blame (or thank) the millennials

➤ *Why are dark kitchens taking the hospitality industry by storm? What factors are contributing to their worldwide success? What is driving massive shifts in consumer preferences needed for this large-scale industry transformation? The answer probably won't surprise you: millennials.*

### **When it comes to technology, millennials are fish in water**

Consumers between the ages of 19 and 37 comprise a huge demographic – and their tastes and needs are different from anything the world has seen before. The driving force of their unique characteristics? The **internet-based technologies** that underlie almost every activity in their lives, from work, shopping, dating, exercise, social communication and beyond.

Food also falls into this category, making a **strong online presence** is absolutely essential for any modern restaurant – especially dark kitchens – to connect with the influential millennial crowd. It's time to get swimming.

## ***Delivery isn't just for goods***

Amazon was the first firm to truly pave the way for the delivery era on a large scale by providing 24-hour shipping options. This rapid order-to-doorstep process has become the norm over the last 15 years, and millennials (and other demographics) expect this service across sectors.

With high expectations for delivery lead times and 24/7 customer service offered by many companies, millennials expect nothing less from the food industry. Fast food previously met this demand, but with the internet generation more health-focused than ever, fast food chains fall flat. Millennials want **“real” food delivered straight to their doorsteps** as quickly as possible.

Dark kitchens offer real advantages in this respect, as they provide healthy, wholesome, ready-made meals from minutes away – at the click of a mouse or the swipe of a finger.

## ***Consistent customer service and delivery quality are essential***

But just because there is no dining experience involved in operating a dark kitchen doesn't mean that you can skimp on the customer service. Millennials aren't just looking for great products – they want novel experiences. Too many similar interactions and they won't hesitate to take their business elsewhere.

Thus, offering **great food and a unique customer experience** – such as exclusive discounts, personal notes, unique presentations – is essential to establishing long-term relationships with millennials. And once this generation has received excellent service quality from a business, they won't settle for anything less.

## Chapter 3

# The pros and cons of dark kitchens

➤ *There's no doubt about it: dark kitchens are simply cheaper and simpler to operate than traditional physical restaurants. They also come with lower overhead costs and allow you to harness the power of data to build the perfect meal offering. But you'll have to think with your head in the cloud to reap all of the benefits.*

### **The big advantages: lower costs and risks means higher profit**

The main benefit of a dark kitchen is **lower operating costs**, as overheads can be reduced or eliminated completely. Tables, chairs and other elements of dine-in ambience aren't needed, and salary costs can be pared down to kitchen staff only, further eliminating costs.

Even more, there is no need for a dark kitchen to be located in expensive high-traffic areas, significantly **cutting rental prices** and offering more flexibility. Because dark kitchens have a much broader geographical customer base than dine-in restaurants, their profitability is tied much less to location, and new locations can be added at the same low cost.

Time to realization of your idea is also much shorter, allowing you to **open your location in weeks** instead of months.



Apart from the investment of time and money, **managing and monitoring your kitchen is easier**, although it might seem a bit overwhelming to get started (and we'll tell you how to do that in **our next e-book**), as all related data – gathered at every step of the food ordering process – is online and easily accessible. Using the information generated by your business and by your customers, you can easily determine which meal options are favored, and confidently experiment with combinations based on immediate customer feedback.

### **The unique challenges: operating a virtual business**

A restaurant that relies solely on online visibility is a completely new concept, and building a strong brand can become a challenge as dark kitchens become more commonplace. You'll have both **more available resources** as well as **more competition** to deal with.

Establishing strong customer relationships is also more difficult without in-person interaction, and digital interactions are very short by definition. Adding an **element of emotion** and a personal touch to your culinary creations is something you'll have to master to establish and maintain a loyal customer base. As such, a certain amount of **tech-savviness** is necessary for the success of a dark kitchen.

<b>Pros</b>	<b>Cons</b>
- Lower operating costs	- Increasing competition
- Reduced rental prices	- Strongly reliant on online marketing
- Quick launch	- No in-person customer interaction
- Easy digital monitoring/management	- Technology plays a central role

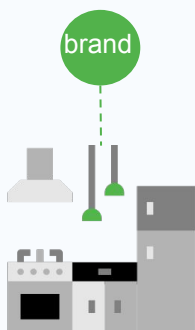
---

## Chapter 4

# The business models

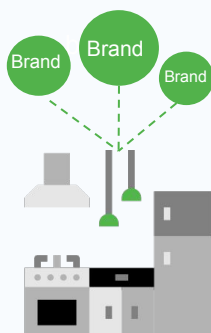
➤ Opening up a dark kitchen doesn't limit you to a solo rental contract plus a couple of delivery channel collaborations. There are a number of different setups to choose from depending on your location and the partnership opportunities available, and they all share the same process-related end goal: orders in, food cooked, packed meals out to the customer.

### 1. The 'traditional' dark kitchen



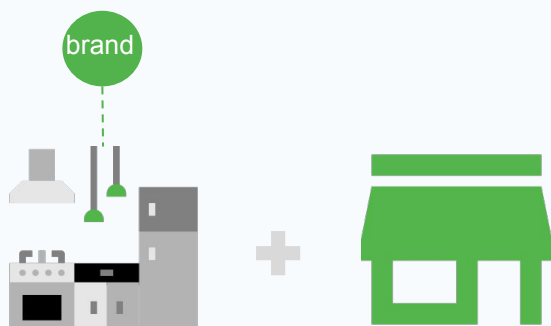
Although the concept hasn't really been around long enough to earn the "traditional" moniker, this setup is the dark kitchen standard operational model. It's when **one brand owns or rents a single kitchen location** without offering a dining room. With one brand using one kitchen, these businesses generally focus on a single type of cuisine and rely on delivery channels or employees to handle orders and deliveries.

### 2. Multi-brand kitchen



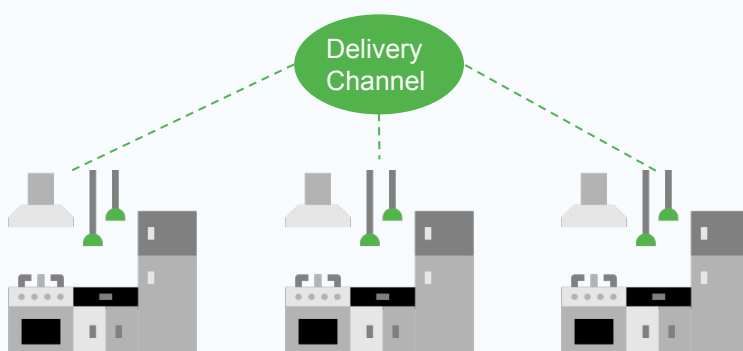
Multiple brands under one parent company share one kitchen in this setup, keeping operational costs down. The **success of this setup is based on data analytics**: each separate brand/cuisine type has its own unique identity from a marketing perspective and uses data insights to supply the most popular meals based on local demand for each different type of cuisine.

### 3. Takeaway dark kitchen



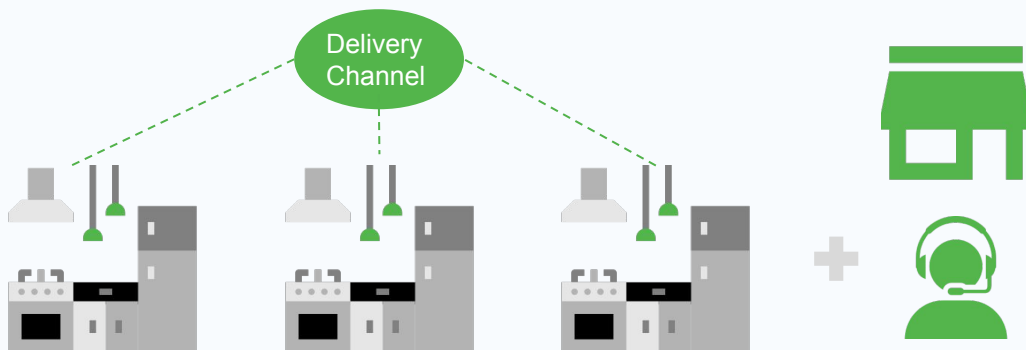
This setup is much like the “traditional” dark kitchen, **except it also hosts customers** in addition to offering delivery – not to dine, but to wait for their food and pick it up themselves, see the kitchen in action, interact with employees, etc. Essentially, it’s a dark kitchen/normal restaurant hybrid. As you can imagine, a larger space and more investment in décor are needed for this setup even without a dining room, but it offers more opportunities to forge customer connections.

### 4. Aggregator- owned dark kitchen



Delivery aggregator channels are also kicking off their own dark kitchen models, offering empty kitchen space and minimal infrastructure that restaurant businesses can rent. These businesses benefit from the **delivery aggregator’s fleet and online ordering and menu creation platform**. In essence, the only processes that restaurant employees need to handle have to do with cooking the food. There may be many small kitchens operating within one larger kitchen space, with multiple restaurants cooking at any given moment.

## 5. Aggregator-owned dark kitchen 'plus'

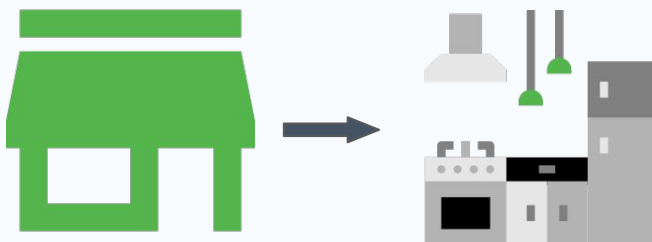


This setup is very similar to the aggregator-owned dark kitchen, except that **more infrastructure and optimized kitchen process frameworks** are included in the offering. A storefront like that involved in a takeaway dark kitchen may also be part of the model. For example, the delivery aggregator might provide a well-equipped kitchen for the restaurant business to use and takes care of every process – including data-driven demand management – except the cooking and menu.

## 6. Outsourced dark kitchen

Food preparation,  
processing &  
delivery

Finishing  
touch



The newest addition to the dark kitchen business model landscape, this setup allows a restaurant to **outsource almost any – or every – process**, except the finishing touches. This is done in partnership with another business that specializes in food preparation as well as order processing and delivery. The final seller is only minimally involved in the cooking process, investing all of its efforts in a flawless, differentiating final product that is sure to delight.

## Conclusion

# Get started with Delivery - the right way

- Delivery and takeaway companies try to make it as easy as possible for restaurants and dark kitchens to get up and running. Each delivery company offers unique incentives and relies on different applications and business models, but registration follows a similar path for all.

# Kicking off your relationship with delivery channels



Visit the channel's website and register to become a restaurant partner



Sign the partner agreement



Get the technology



Schedule a meeting with your account manager to set up your menus

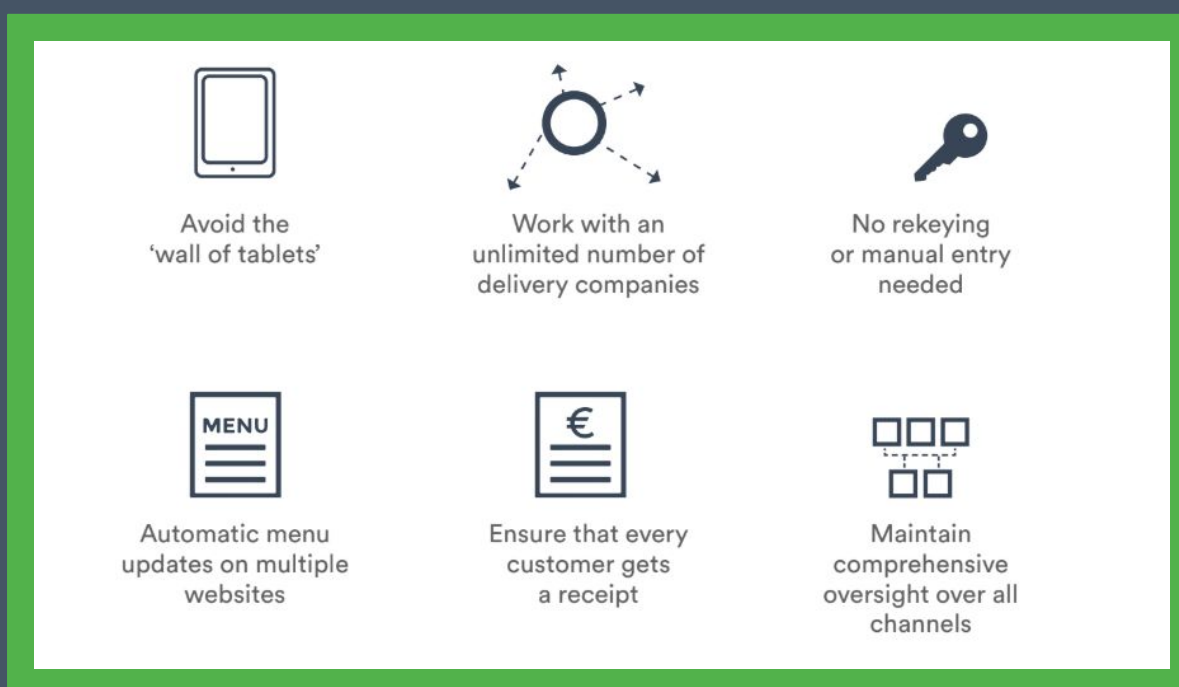


Receive orders

## Simplify delivery channel management with Deliverect

Relying on several delivery and takeout aggregators means working with different apps, online ordering channels and technologies. If handling multiple tablets in the kitchen and dealing with a handful of different account managers isn't your cup of tea, we offer you a no-brainer solution that also makes it easy for you to comply with VAT laws.

Deliverect is a **software platform** that collects orders placed through all mainstream delivery and takeout services and connects directly with your POS.



Ready to start preparing to open your own dark kitchen? Our **exclusive e-book** offers you a step-by-step overview.

Want to learn more about how we can help you  
get the most out of your delivery channels?  
Visit our website,  
[www.deliverect.com/features](http://www.deliverect.com/features), for more details.





 deliverect