INDUSTRY WEEKLY DIGEST



THE RISE OF 'GHOST PRODUCTION'

A PARADIGM SHIFT IN THE FOOD SERVICE SECTOR

Within the last month, <u>Euromonitor</u> predicted that Ghost Kitchens could create a \$1 trillion global opportunity by 2030. <u>The Spoon</u> further recognised their importance and displacement potential over traditional restaurant formats. In this digest, <u>Mark Ashton</u> shares his view on 'Ghost Production' as a novel production trend in Food Service.

Have a great weekend!

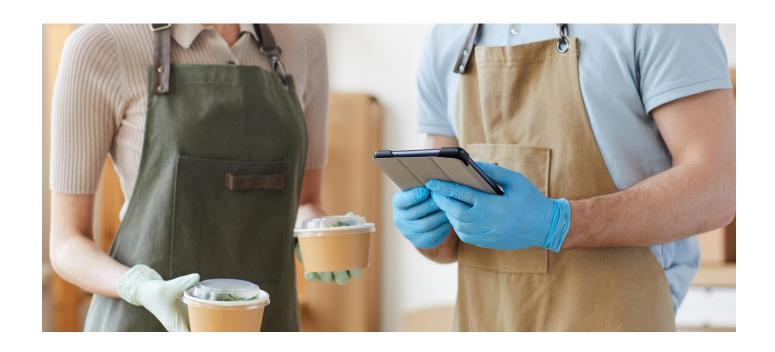
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What's in this issue:

THE RISE OF
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The Rise of 'Ghost Production' in **Food Service**

MARK ASHTON

The rapid growth in demand for food delivery, further accelerated by the Coronavirus pandemic, is causing a paradigm shift in the food service sector: with production moving 'into the cloud', accentuating the radical separation between production sites, points of sale, and consumer interaction. It can be seen as distinct to Decoupling (separating the front- and back-of-house operations to drive efficiency) and Central Production Units, as these ghost kitchens (and virtual restaurants) are producing food solely for delivery to the final customer to consume in their home, or at work, in real time and by individual orders.

Ghost kitchens take multiple formats: brand owned, third party sharing with multiple brands, and aggregator ghost kitchens. In common, they have no frontage, eat-in or customer facing areas.

The rise in these ghost kitchens and virtual restaurants offers a distinct set of benefits for both the customer (delivery speed, greater choice, social distancing), the operator (lower rent, reduced cost structures, less capital investment), and, indeed, the aggregator (aggregation of powerful data, lucrative commission fees), some of which are being accelerated by the Coronavirus pandemic.

Whilst this model is not without its challenges (high commission fees, data ownership, gig economy delivery riders), it certainly does seem to have a plethora of positives for each stakeholder group, making it a trend worth integrating into our research and curriculum. To learn more, follow #restaurantinnovation.

HIGHLIGHTS

- McDonald's opened its first ghost kitchen in the
- **<u>Dishoom</u>** launched four serve customers across
- Waleema, an independent Lebanese restaurant, pivoted to



