RETHINKING HOSPITALITY KITCHENS FOR THE AGE OF DELIVERY

WHITE PAPER

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INTRODUCTION

These are worrying times for the global hospitality industry. A vast majority of venues have faced a catastrophic drop-off in custom or have been forced to offer reduced capacity. While these circumstances may well drive some to fail, they also offer an opportunity for many to rethink their business. As we get closer to overcoming the pandemic that has wrought havoc across the sector, we must not miss the chance to address longer term adverse trends and come out stronger and prepared for the years to come.

As kitchen operators look to adapt, the option of going online beckons. While this route gives great reason to be hopeful, there is a maze of options to navigate to do so successfully.

In this paper, Kbox Global explores the differences between traditional kitchens and what a connected, intelligent and therefore future proof kitchen must look like. We share a framework for all the considerations a hospitality kitchen operator needs to give when setting their strategy for the future and selecting the partnerships that will give them the tools to survive and thrive.

GETTING IN ON THE DELIVERY GAME

Customers have been moving away from traditional hospitality for a while. The backdrop for the industry has been increased price sensitivity and a constantly changing landscape of trends and preferences driven by culture and social media.

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With on-premises customers staying away, a trend amplified by the pandemic, more and more venues are entering the online food delivery market, putting their commercial kitchens to better use while the rest of the business is laid up.

The size of this market alone makes it an incredibly appealing prospect. Online food delivery orders have grown by over 40% in the past 5 years in the UK; the global market is predicted to be worth USD 1 trillion by 2035.

So, where to start? On the face of it, packaging up the existing menu for home delivery certainly sounds like a smart move for a venue – particularly given the rise of tech platforms such as Uber Eats and Deliveroo, which allow you to upload your menu and start delivering within days.

It may also seem straightforward given a number of technology options for connecting with customers online, either directly or through delivery platforms such as Deliveroo and Uber Eats.

In reality, as soon as a restaurant goes online, it enters a world of changing tastes and menus. With some trends emerging within the space of months, restaurants need the data to understand these quickly but, even more importantly, to have the means to adapt to them painlessly. Adding new menu items and or even entirely new customer-facing brands are part of a new set of rules of operating. These changes can't be made with confidence without access to the right data.

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THE ONLINE MARKET VERSUS TRADITIONAL CUSTOM

The rules of the delivery game are very different to on-premises dining. For any commercial kitchen going into the delivery space this can be a complex, confusing, costly exercise. The risk is using a lot of resources and still not seeing sales, profitability or resource utilisation.

The first crucial difference in delivery is the size and nature of the market that must be tapped. To understand this , we need to look at how delivery platforms work.

The average delivery kitchen serves just a 2-4 mile radius, and you can bet that the local competition will be intense. Local audiences are something hotels have had the luxury to ignore, since they are often a destination, more appealing due to the distance travelled.

Speed and convenience are the top customer priorities and delivery platforms reward the best operators here. Premium pricing won't resonate, because delivery audiences may not care about your heritage or your chef's credentials. Even if your restaurant has attracted audiences from far afield in the past, this won't be true of your delivery proposition. The menus themselves need to be designed with speed and the ability to travel well in mind. Simply put, if you don't have delivery-first brands and a corresponding delivery-first mindset then this potential new revenue stream could simply lead to new headaches for your business.

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IT'S TIME TO RETHINK KITCHEN PROFITABILITY

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The truth is, even within the delivery arena, many food providers will struggle to turn a profit. This is because the way they typically use kitchens invariably leaves them underutilised and carrying excess capacity. It's a problem that pre-dates the pandemic by many years. And it's a problem that we can no longer afford to ignore. Put simply, it is really difficult to make money if your kitchen is only geared up to serve a single food brand and a single menu.

Additionally, the hotel industry in particular has always tolerated very concentrated periods of high demand alongside long periods of no activity. The same pattern of peaky demand was seen within hotel kitchens, something often seen as an inevitable cost of doing business.

If hotel guests are not interested in meals throughout the day, the custom for utilising the kitchen outside of peak periods must come from outside the premises. It seems counter-intuitive, but hotels must start caring about customers other than their guests!

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AGILE BRANDS AT YOUR FINGERTIPS

This break with the 'one brand, one kitchen' mentality is all-important. There is no reason why what you're serving in your venue has to bear any relation to what you're serving up for delivery. Nor is there any reason why you have to stick with just a single menu, a single type of cuisine, or indeed, a single food brand. Delivery customers don't care where the food is being prepared or by whom. Neither should you.

Crucially, you don't need to design your new food brands and menus yourself – these can be licensed from existing providers that already specialise in high-quality food delivery offerings. A great example of this is Absurd Bird chicken, first devised as an on-premises restaurant chain, but today licensed and produced for delivery by hundreds of commercial kitchens across the UK. Every detail of this brand has been tuned.

'Pop-up' brands like Absurd Bird and each of our other 18 brands are deliberately designed for ease of preparation and, when you sign up, you'll be given a range of training materials to ensure that your team can prepare the menus to a high standard.

KITCHENS COME IN MANY SHAPES AND SIZES

Kitchens of all sizes and in a wide variety of locations – from high street and city centres to shopping malls – can drive meaningful incremental revenues by adopting a multi-brand, tech-enabled approach to food delivery.

For example, we recently helped one hotel in Poole, UK, turn its 600 sqft commercial kitchen into an 8-brand food delivery hub. Within just a fortnight the hotel was achieving weekly sales of £3,400 via its food delivery operation alone.

From a seaside location to the dense, intensely competitive environment of London's bustling Soho district, we helped a restaurant serve up an astonishing 18 food brands for delivery, leading to weekly sales of £14,500, all from a 200sqft kitchen.

In an example of the transformation that becomes possible, we helped a restaurant in Exeter successfully reconfigure its 500 sqft kitchen to serve 18 different Kbox food brands across the local area, leading to £17,300 of additional weekly sales.

So any combination of premises works for fewer or more brands, depending on the facilities, the local competition and of course the breadth of the surrounding customer base.

WHAT BRANDS WILL YOU BE ABLE TO DELIVER?

We know that commercial kitchens usually have a core equipment kit, but often a small investment in extending this will yield great returns. For example, the purchase of a table top fryer or a griddle placed on top of existing hobs can open your kitchen to the market for vegan and quality burger delivery. Expert advice from Kbox can help you optimise your facilities, in this case unlocking an additional £1k-£4k per site per week in sales for an outlay of about £400.

Typical equipment:

• Fryer

• Grill or griddle plate

• Induction burner or stove

• Over or combi oven

• Commercial microwave

• Hot pass

• Fridge and freezers

+ An additional fryer switches on our multiple vegan brands

TRANSFORMING KITCHEN EFFICIENCY

Offering an array of food brands means that you can reach a far wider audience within your local area. And, if you choose complementary types of cuisine, you can make far better use of both your kitchen equipment and your kitchen team.

Think about it. All of your expensive-to-run, always-on equipment is fully-utilised from the moment your kitchen opens. Your staff are continuously occupied, never idle for hours on end, but equally, never so busy that they're stressed or provoked into making mistakes.

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It might sound fantastical, but in fact, food delivery technology already exists that can optimise your kitchen in this way. This technology can also seamlessly integrate your inventory management systems with the leading online delivery platforms, so that your kitchen can start taking delivery orders as soon as your staff are comfortable preparing the new menus.

However, with the help of new technology and training processes, it's possible to quickly and easily reorganise your kitchen to serve up multiple food brands and menus for external delivery – with absolutely no impact on what's being offered in the venue itself. Solutions providing both the technology platform and the surrounding operational support such as Kbox are therefore essential.

Does the technology merely enable you to go online or does it support and improve the operation? Kbox addresses each component of a successful, end to end online operation, things that quickly become apparent once a site goes digital with a new menu: integration, training and supply and reordering of ingredients and packaging. The operational component needs to be smart, accurate and easy to use.
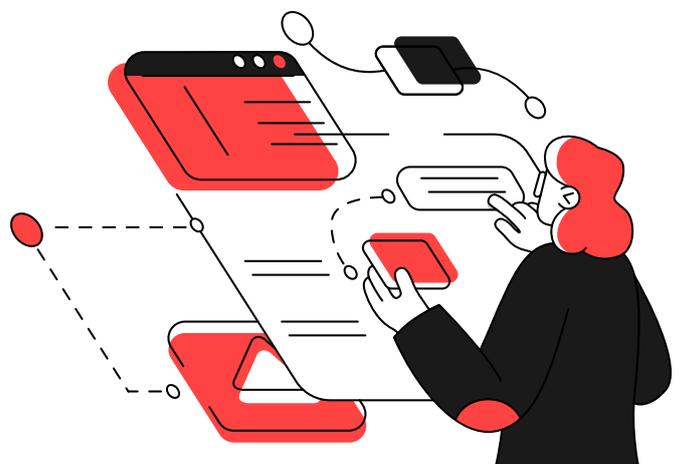
AN ONLINE OPERATOR'S MARKETING CHECKLIST

Given the challenges that come with the delivery audience, hoteliers need a sophisticated marketing team that can address more than the ongoing mission of recruiting guests. If they haven't been doing so already, they will need to continuously manage the digital channels necessary for bringing in delivery custom and making sure their online journey is continuously improving. If this expertise isn't available within the organisation, marketing support from an agency is a potential but expensive solution.

Brands have to become experts in micro-marketing even while they lack the tools to adapt to their local market let alone have the time and resources to do so. The world of online is filled with ratings, conversion statistics, page views and referrers. The ideal solution absorbs all this data and uses it to improve its own performance without manual intervention. If this isn't in place, the whole customer journey will fail.

The other challenge in the restaurant industry is standing out. Operators can succeed if they have the support of a sophisticated marketing team and can benefit from broader investment in hero brands. Thought and planning also needs to be given to performance marketing. An operator needs to build up the play book of strategies for awareness, trial and loyalty specific to the local target audience because online native businesses will have a head start.

The great news is that a partnership with Kbox global provides an end-to-end solution, unlocking access to marketing expertise and national brand advertising support.

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LET THE DATA BE YOUR GUIDE

What else can food delivery technology do for your kitchen? Well, once you're underway with your multi-brand delivery operation, it can show you how each brand and each menu item is performing.

Customers' ordering habits can be analysed for patterns using machine learning, so that the delivery offering can adapt and serve customers better and more profitably. Imagine knowing from the moment a customer arrives in your virtual restaurant whether they will be price-sensitive, in a hurry, in a mood for discovering new dishes. All this information can be used to improve the customer experience and the profitability of the kitchen.

You can even cross-reference your own data against broader food delivery and demographic datasets to get a complete picture of your local market and ensure that you're in touch with changing tastes and preferences.
Fortunately, you won't need to hire a data scientist to join your kitchen team. The technology does the legwork, and you receive clear, instructional insights about how to evolve your offering on an item-by-item basis.

This type of continuous learning through data becomes more and more valuable as more kitchens become part of the network, meaning that restaurants can get recommendations much more quickly. But in the delivery arena it's the food brands that are sacrosanct, not the kitchens, meaning that you can keep on making tweaks until you get it right with no negative impact on your kitchen or the performance of your current delivery operation.

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CONCLUSION

The pandemic is but one example of the unpredictable nature of events in the modern age. The one thing that can be done is to be prepared for change and uncertainty and have the agility to pivot as cultural, social and economic changes play out. It is every entrepreneur and business person's responsibility to anticipate change, to diversify revenues and protect livelihoods.

Commercial kitchens are a great place to start, with technology now available to introduce multiple popular food brands into your kitchens and help you make inroads into the online delivery market for the first time while expanding into more potential consumer audiences. A big break with tradition, but a big opportunity to become an expert in the food ecosystem of the future.

It's time to rethink the kitchen for the delivery-first age, so that whatever happens next with Covid-19, hospitality venues will be able to serve up the future of online delivery and safeguard their businesses in the process.

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