

Ghost Kitchens in MENA: A Multi-Billion Dollar Opportunity

Market overview & key success stories



01

Global Market Overview

Total Addressable Market, Business Models, Growth Drivers, Key Trends,

03

Key Success Stories

Case Examples: Kitopi, Kitch-in, KLC, The Leap Nation

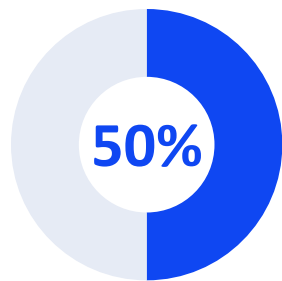
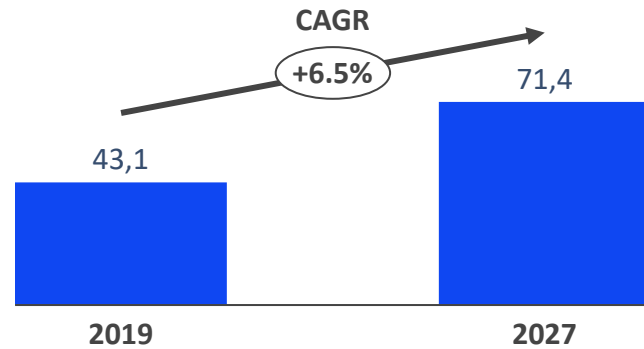
02

Zoom into the MENA Market

Regional Market Size, Key Trends

Shedding a light on “Dark” Kitchens

Global Dark Kitchen market (USD Billion)

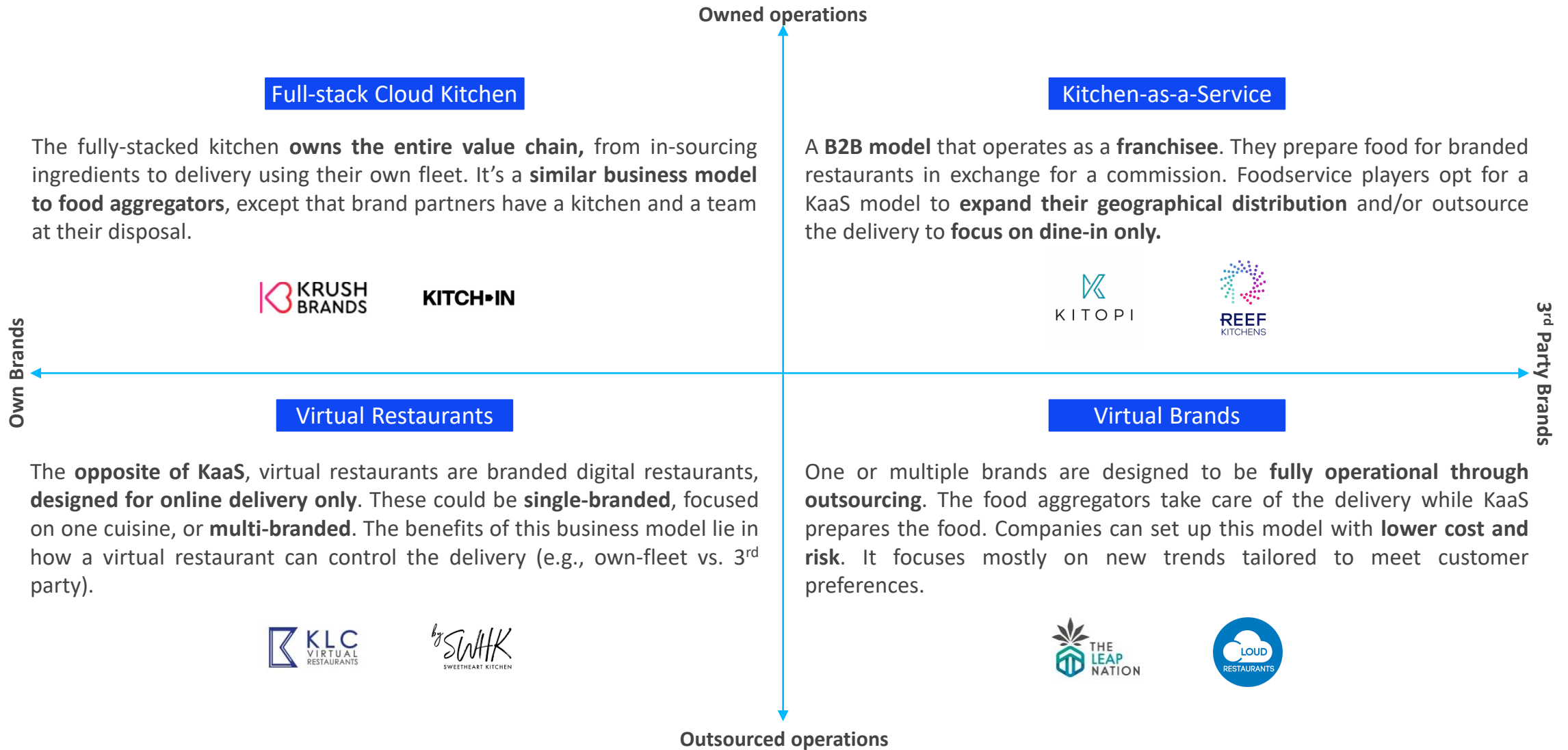


Of drive-thru and takeaway orders in 2030 will be generated by ghost kitchens ¹

Euromonitor estimates that the ghost kitchen market could be worth \$1 trillion by 2030, allowing foodservice players to improve their cost structure (e.g., cutting rent and staff costs).

- **“Ghost kitchens”**, also called “dark kitchens”, “cloud kitchens”, or “virtual restaurants”, are commercial kitchens with no dine-in option or storefront. This emerging format operates within the online food delivery market
- **The pandemic skipped ghost kitchens**— the lockdown pushed a rise in food-at-home, offering restaurants the opportunity to switch to new delivery options to capitalize on the shift in consumer preferences
- **The benefits are multifold**— the pandemic resulted in increased food prices, higher rents, and labor shortages. These delivery kitchens are offering a growth opportunity for restaurants with lower budgets and risk coupled with higher flexibility
- **Everyone wants a piece** — 50% of brands will launch some form of ghost kitchen concept in 2021²
- **Fast food restaurants are joining the party** — Wendy’s announced plans to open 700 ghost kitchens across North America and the UK by 2025³
- **A global leader, Kitopi, is UAE-based** — GCC is witnessing a high penetration rate of ghost kitchens

Ghost Kitchens operate different business models



SOURCE: 1) Euromonitor, "Ghost Kitchens: Food Delivery Amid Lockdown", 2020; 2) Hospitality Technology, "Ghost Kitchens Forecast", 2021; 3) NRF, "A look inside the \$43 billion ghost kitchen industry", 2021; Entrepreneur Middle East

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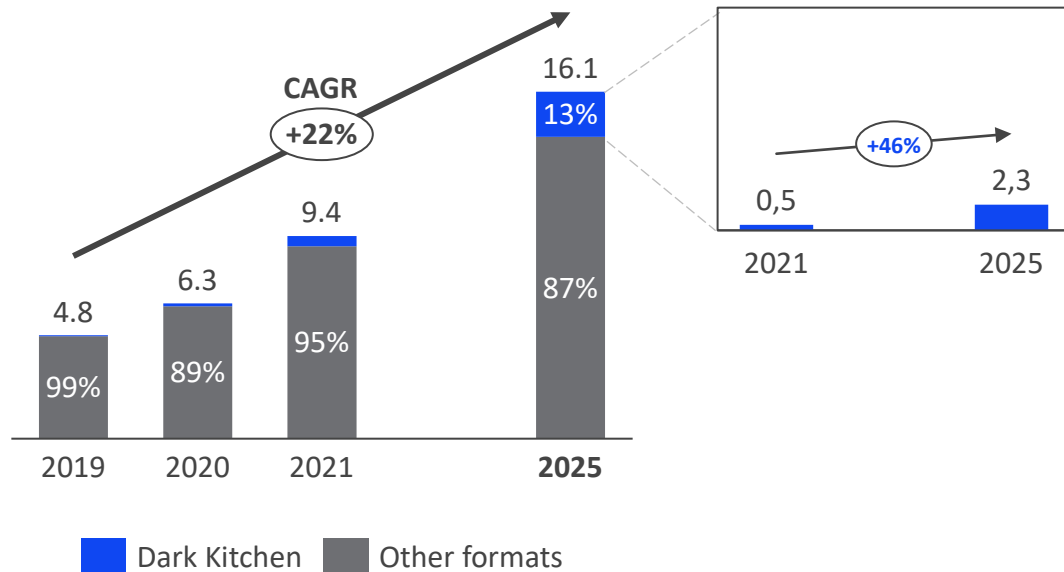
Zoom into the MENA Market

Regional Market Size, Key Trends

MENA ghost kitchens market is strong as more rely on delivery

MENA's ghost kitchen market is expected to exceed \$2 billion in the next 3 years

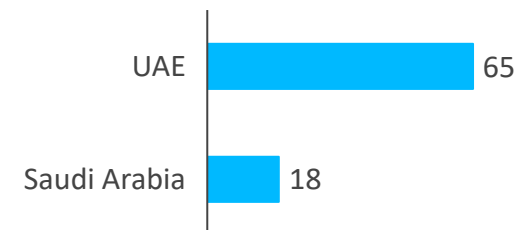
MENA Online Food Delivery Revenues in (USD Billion)



Ghost kitchens are capitalizing on the rise of food delivery in the region by offering a unique solution

- **UAE and KSA lead the region**, growing at a combined rate of 160% between 2018 and 2019¹
 - There were over 400 cloud kitchens in the UAE, mostly based out of Dubai in 2020²
 - The Saudi Arabia market is expected to expand by 14.2% from 2021 to 2028³
- The KaaS model accounted for up to 70% of the cloud kitchen market in the region¹
- 70% of foodservice players in the UAE considered implementing the ghost kitchen business model during the pandemic²

2020 Ghost Kitchen Revenues (USD Million)^{3,4}



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Regional Market Size, Key Trends

Kitopi – The region fastest startup to reach unicorn status

Value proposition

The Dark Kitchen to become a unicorn in three years

- Launched in 2018 in Dubai, UAE
- With 75 kitchens across the region, Kitopi is valued at \$1 billion¹

Business model

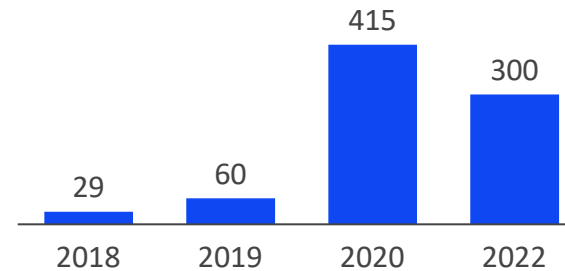
- Through a KaaS model, restaurants outsource their delivery operations to Kitopi. The ghost kitchen then sources ingredients, cooks, and delivers partner menus
- Supports international brands as well, including Papa John's and Shake Shack
- ~85% of the transaction goes to Kitopi and 10-13% goes to the brand²

Geographic presence

- 5 GCC countries: UAE, Kuwait, KSA, Bahrain, Qatar
- Halted expansion to London due to the pandemic
- Raised \$415M to enter Southeast Asia

Kitopi in figures

Funding in USD million



Key figures



Key Takeaways

Uses a property in-house operating system

- Kitopi uses a Smart Kitchen Operating System (SKOS) that optimizes operations. It allows for doubling the number of orders and cutting the prep time by 40%¹. It is enabled by data analytics and helps predict delivery/cooking time and auto sequences which items to cook first

New business ventures are aligned with its mission

- With the mission to provide customers access to their favorite brands from anywhere in the world, Kitopi launched its online grocery business—Kitopi Shop. It offers customers the option to order essentials and receive them within an hour. The new business benefits from Kitopi's existing supply chain

Kitch-In – The first fine-dining cloud kitchen in the region

Value proposition

An integrated online model that expands room service offer beyond hotels for locals

- Launched in Apr 2021 in Dubai, UAE
- Kitch-In aims to “McDonalimize” premium cuisine by making quality meals accessible to everyone¹

Business model

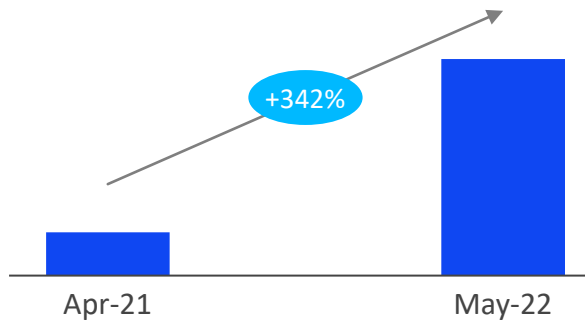
- *Virtual brands*-A full-stack model that combines high-end restaurants with home-delivery and in-room dining through its own app
- *Kitch-In Food Hall*- for business districts with options to dine-in, takeaway, or pre-order pick-ups (*plans to install food lockers*)

Geographic presence

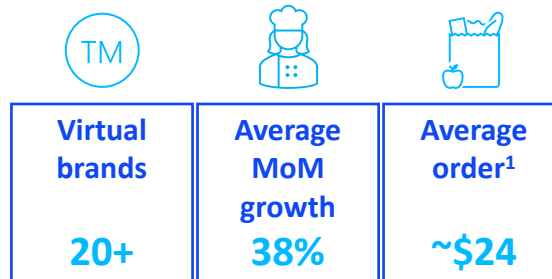
- UAE, KSA, Netherlands, Belgium
- Plans of expansion to the UK, France, Germany (50 kitchens)
- Plans to add 36 new kitchens across KSA and UAE

Kitch-In in figures

Evolution brands launched



Key figures*



Key Takeaways

Heavy R&D investment into food technology

- Kitch-In built a kitchen lab to produce high quality premium dishes that are deliverable. The founding team spent a few years, prior to the launch, on R&D to control the quality of the entire value chain and ensure scalability of each vertical, from brand development to delivery

Premium positioning through partnerships with renowned chefs & Accor Group

- Kitch-In was built in a partnership with Accor Group, which allows it to leverage its wide network of hotel kitchens. In parallel, it features restaurant brands endorsed by award-winning chefs

Capitalizing on a full-scale ecosystem

- Kitch-In has put in place a trifold ecosystem: kitchens (including the research lab), brands (both legacy and digital-only), and strategic partners (Accor, Careem)

(*) As of October 2021

SOURCE: 1) Entrepreneur Middle East, “Primed for Growth: Cloud Kitchens in GCC”, 2021; Industry News; Infomineo Analysis

KLC Virtual Restaurants – A restaurant that takes online orders only



Value proposition

A multi-brand virtual restaurant evolved from a traditional delivery restaurant

- Founded in 2009 in Kuwait
- KLC operates virtual restaurants developed in-house rather than franchisees of other brands

Business model

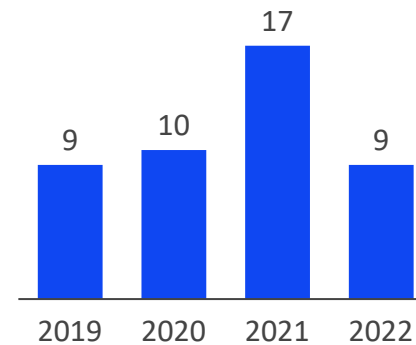
- A virtual restaurant model that sources ingredients, prepares meals, and delivers them using both 3P and its own fleet
- 70% of KLC deliveries are fulfilled by aggregators, while the remaining 30% are delivered by KLC's own cars¹
- KLC operates 25 of its brands in the UAE through Kitopi kitchens

Geographic presence

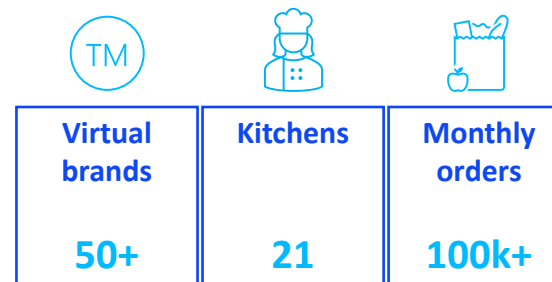
- Currently present in Kuwait and UAE
- Plans for expansion to KSA, Bahrain and Qatar by the end of 2022

KLC in figures

Brand launch evolution



Key figures



Key Takeaways

Leveraging the first-mover advantage

- KLC was the first virtual restaurant model in Kuwait, which helped it establish strong brand recognition and a foothold in a market that has been significantly growing since the pandemic

Entering new markets by partnering with a local leader

- KLC enters the UAE by partnering with Kitopi. As of date, KLC operates half of its brands through 3 of Kitopi's kitchens. It plans to launch all its +50 brands this year. The partnerships helped KLC capitalize on how local customers are already educated on ghost kitchens and virtual restaurants

Plans to further integrate operations downstream

- In addition to fulfilling deliveries, KLC plans to launch its own delivery app, "One Eatery". It set a target of 20,000 orders daily

The Leap Nation – The fully operational through outsourcing



Value proposition

The Leap Nation capitalizes on market analytics to create virtual restaurants

- Launched in 2018 in Dubai, UAE
- The Leap Nation creates and operates brands from 3P online food delivery platforms

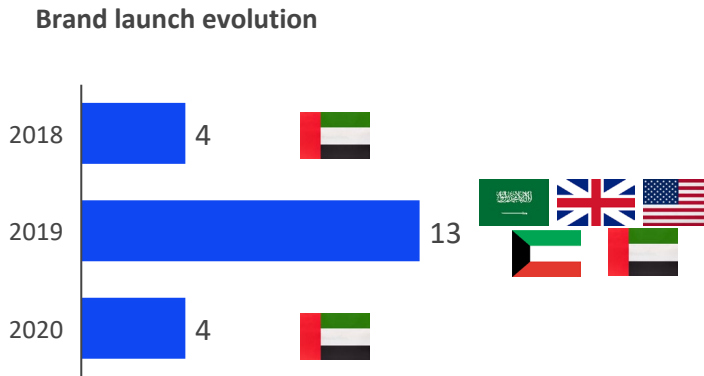
Business model

- A virtual brand only, The Leap Nation outsources all operations to Kitopi and food aggregator platforms
- The Leap Nation offers franchising of already set-up and successful brands
- It also acquires brands; back in 2019, it bought BarSalata, a virtual brand.

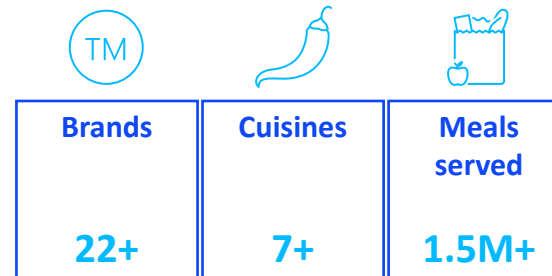
Geographic presence

- Present in 5 countries: UAE, Kuwait, KSA, UK, and USA
- Expansion outside of GCC started in 2019, when The Leap Nation first entered the UK and the USA

The Leap Nation in figures



Key figures



Key Takeaways

Optimizing resource allocations

- The Leap Nation focuses on research and analytics, brand development, and marketing. While KaaS partners, similar to Kitopi, could be contracted to cook and fulfill orders. The player implementing this business model can pivot quickly and respond rapidly to customer demand

Capitalizing on the fastest growing business model in the region

- The Leap Nation implements a virtual brand-only model. According to RedSeer Consulting, virtual brands and restaurants are the fastest growing business models and account for 20 to 30% of the ghost kitchen market in the GCC.



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