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3 small fast-casual chains break down why they're building more restaurants instead of ghost kitchens, despite takeout booming during the pandemic

Grace Dean Oct 30, 2021, 4:04 AM



More people are getting food delivered or to-go, but restaurant dining rooms aren't going anywhere. Rush Bowls

- **Restaurant dining rooms aren't going anywhere despite the boom in takeout and collection.**

- **Some chains are turning to ghost kitchens but others are opening more sit-down restaurants.**

- **Execs from Island Fin Poké, Rush Bowls, and Black Sheep Coffee discussed their expansion plans.**

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More people are getting food delivered or to-go, causing a huge boom in [ghost kitchens](#), which make food for delivery-only.

But the restaurant industry isn't giving up on in-person dining any time soon.

Insider spoke to three fast-casual chains about why they're opening more dining rooms, even as restaurants are selling more food for off-premise consumption than ever.

The companies said physical stores were important to them so they could focus on customer experience — and this was making them shun ghost kitchens for the time being.

Mark Settingington, CEO of Island Fin Poké, said that only around a third of its poké bowls are eaten on-site. A quarter of all sales are made online for collection or delivery. The remaining 40% are bought to-go by in-store customers.



Island Fin Poké has plans to open around 100 more stores over the next five years. Island Fin Poké

But the chain, which has 20 stores and makes its poké bowls in front of customers, still plans on opening around 100 more stores over the next five years.

"We are a very experiential place," Settingington said.

Andrew Pudalov, founder of smoothie-bowl chain [Rush Bowls](#), said that only around a quarter of all orders across his 35 stores were consumed on-site, but that he planned on opening around 30 more over the next year.

The chain blends its smoothie bowls in front of customers, which Pudalov said contributes to the "visceral experience we want Rush Bowls to represent."

"This touchpoint gets lost when ordering from a ghost kitchen," he added. Pudalov noted that he was considering ghost kitchens, but just in areas where Rush Bowls already had brand recognition.



The CEO of Rush Bowls said that only around a quarter of orders are actually eaten on-site. Rush Bowls

Black Sheep Coffee, which has almost 50 sites across the UK, hopes to reach 100 by the end of summer 2022. It also plans to expand to the US in 2022, co-CEO Gabriel Shohet said.

"The customer experience is as important as the coffee itself," Shohet said.

It has three store formats – kiosks that only serve takeaway drinks, cafes that sell 60% of their drinks to-go, and all-day venues that transition into a cocktail bar at night.

One of the main selling points of ghost kitchens is that they allow restaurants to ramp up delivery capacity while keeping real-estate and labor costs low.

But the chains Insider spoke to said their restaurants were already small, making them cheaper to open and operate.

Pudalov said Rush Bowls' stores generally seated up to 10 customers and are between 700 and 1,500 square feet in size, usually requiring usually only two or three employees per shift. He said he expected that more restaurants would move to similar store formats with a small square footage, low labor counts, and more specialized, niche offerings.

Black Sheep Coffee has three different store formats. Its takeout-only kiosks, located in high-footfall points like stations, are up to 500 square feet. They cost as little as \$138,000 to open. Its cafes are up to 1,500 square feet, and its all-day venues can reach up to 3,000 square feet and cost up to \$414,000 to open.

Island Fin's restaurants are compact – 1,200 square feet, on average, with 20 seats. The initial investment needed for franchisees to open one ranges from \$194,000 to \$355,000. Restaurants usually only need two or three staff members per shift.



Island Fin's restaurants are on average 1,200 square feet Island Fin Poké

Settingington believes the ghost kitchen model doesn't "make financial sense" — although some ghost kitchens do have licensing models.

He added: "The percentage you make for giving the ghost kitchen all of your intellectual property is ridiculous. We will continue to focus on the whole experience, not just delivered food."