

The Growth of Ghost Kitchens and Virtual Brands: What Every Operator Needs to Know

By Eric Faber, Founder & CEO of US Restaurant Consultants April 2025

Over the past decade—and especially since the pandemic—ghost kitchens and virtual brands have moved from fringe experiments to a major force reshaping the foodservice industry. For operators, landlords, franchise groups, and independent restaurateurs alike, the rise of these off-premise-only models has unlocked new opportunities while introducing new complexities. Understanding how this segment has evolved—and where it is headed—is critical for staying competitive in today's delivery-driven marketplace.

What Exactly Are Ghost Kitchens and Virtual Brands?

Although the terms are often used interchangeably, they represent two distinct but related business models:

- **Ghost Kitchen:** A kitchen facility that produces food exclusively for delivery or pickup, without a dine-in component. These can be stand-alone commissaries, shared kitchens, or unused capacity inside existing restaurants.
- **Virtual Brand:** A digital-only restaurant brand that exists on delivery platforms but may be produced from an existing brick-and-mortar kitchen. Operators often run multiple virtual brands out of a single location.

Together, these concepts allow operators to maximize kitchen capacity, reach new audiences, and diversify revenue streams—all without building new dining rooms or increasing front-of-house labor.

Why the Segment Has Exploded

Several forces converged to accelerate the adoption of off-premise-only models:

1. Delivery Demand Became Permanent

COVID-19 turned third-party delivery from a convenience into an expectation. Even as dining rooms reopened, delivery sales remained elevated. Many operators now see delivery as a core channel—not an add-on.

2. Lower Capital Costs and Faster Expansion

Ghost kitchens allow brands to scale into new markets without the cost or risk of building full restaurants. Meanwhile, virtual brands let operators increase topline revenue using assets they already own.

3. Technology Caught Up

Advances in POS integration, kitchen display systems, and delivery-platform data have made multi-brand execution far more feasible. Operators can manage online orders, production times, and brand performance with precision.

4. Changing Consumer Behavior

Younger consumers are highly brand-agnostic, app-driven, and convenience-focused. They often discover restaurants through DoorDash or Uber Eats first—not through physical storefronts.

Who's Winning in This Space

While early players like CloudKitchens and Kitchen United received the headlines, the most consistent winners have been:

- **Independent restaurants** adding one or two virtual brands to increase order frequency.
- **Multi-unit operators** creating portfolio brands built specifically for delivery.
- **Franchise groups** leveraging ghost kitchens to test new territories before investing in real estate.
- **Retailers and C-stores** using virtual brands to jump into hot categories like wings or smashburgers.

Brands like **MrBeast Burger**, **It's Just Wings**, and **Pasqually's Pizza** demonstrated how quickly a digital-only brand can scale—but also how critical quality control and authenticity are.

Operational Benefits

For many operators, ghost kitchens and virtual brands offer tangible upside:

- Higher ROI on kitchen labor
- Better use of excess capacity during slow periods
- Data-driven brand development
- Menu engineering without guest pushback
- Geographic expansion without construction costs
- Lower real estate commitments

When executed correctly, these models can bring \$50,000–\$250,000+ in incremental annual revenue per location.

The Challenges (That Many Operators Underestimate)

Ghost kitchens and virtual brands are not easy money. The biggest pitfalls include:

1. Operational Complexity

Running multiple menus requires strong systems. Without precise station mapping, prep guides, and KDS routing, execution can fall apart fast.

2. Delivery-Platform Economics

Commission fees, refunds, and chargebacks can erase profits if menus aren't properly engineered for off-premise.

3. Brand Dilution

Running too many brands—or too many low-quality ones—can confuse staff and damage a restaurant's core identity.

4. Quality Control

Food crafted for dining rooms does not always travel well. Packaging, holding equipment, and cook times all need to be redesigned around delivery.

5. Customer Transparency and Trust

Consumers are increasingly aware that some "brands" are actually virtual. Authenticity matters more than ever.

Where the Market Is Heading

Ghost kitchens and virtual brands are not fading—they are maturing. Here's what we're seeing next:

Hybrid Models

Many operators are integrating ghost-kitchen-style production into traditional restaurants to blend dine-in, takeout, catering, and virtual operations.

Virtual Brand Consolidation

Expect fewer—but higher-quality—virtual brands as the novelty wears off and performance metrics become more transparent.

Retail & C-Store Expansion

Convenience stores are entering the space aggressively, using commissaries and micro-kitchens to produce restaurant-quality items.

Automation

AI-driven KDS systems, robotic fryers, and smart packaging solutions are making multi-brand kitchens more efficient and scalable.

Packaging Innovation

Delivery-first menu design requires packaging that maintains integrity during 20–40 minute transport—an area where operators often need expert guidance.

How Our Consulting Team Helps Operators Succeed

At **U.S. Restaurant Consultants**, we work with operators across the country to:

- Evaluate whether a ghost kitchen or virtual brand is a fit.
- Identify high-opportunity menu categories based on local demand.
- Design operational systems that prevent chaos.
- Engineer delivery-optimized packaging solutions.
- Build financial models that ensure profitability.
- Develop or refine virtual brand identities.
- Navigate third-party platform contracts and commission structures.

Whether you're considering a single virtual brand, expanding into a ghost kitchen hub, or exploring a multi-brand off-premise strategy, our team brings the experience, data, and operational discipline needed to execute successfully.