

Consumer Goods and Services • OD6314

Ghost Kitchens in the US

Phantom hunger: Operators will be bolstered by an infusion of capital, despite rising internal competition



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About

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About This Industry

Definition

Operators in this industry provide industrial food services for other companies on a contractual basis. A ghost kitchen is a professional facility set up for the preparation of delivery-only meals or on a contractual basis for third parties.

Codes

2022	722310-Food Service Contractors
2017	722310-Food Service Contractors

What's Included

- Preparing takeout orders
- Preparing mobile orders
- Preparing overflow orders

Related Industries

Domestic industries

Competitors

- Single Location Full-Service Restaurants in the US
- Food Service Contractors in the US

Complementors

- Data Processing & Hosting Services in the US
- Chain Restaurants in the US

International industries

- Restaurants in Australia
- Fast Food and Takeaway Food Services in New Zealand
- Full-Service Restaurants in the UK

Related Terms

GHOST KITCHEN

An establishment that produces meals in a licensed kitchen whether for ad hoc delivery or for a contract with a client, with no customer-facing operations onsite.

ORDERING PLATFORM

A third party company contracted to provide internet technology infrastructure so customers may place orders and process payments.

RESILIENCY

A company's ability to adapt and thrive during inefficient and poor economic conditions.

At a Glance

Revenue \$2.9bn '19-'24 ↓ 2.2 % '24-'29 ↑ 0.5 %	Employees 42,248 '19-'24 ↑ 0.1 % '24-'29 ↑ 0.6 %	Businesses 7,606 '19-'24 ↑ 1.9 % '24-'29 ↑ 1.2 %
Profit \$146.6m '19-'24 ↓ 6.9 %	Profit Margin 5.0% '19-'24 ↓ 1.4 pp	Wages \$978.4m '19-'24 ↓ 1.8 % '24-'29 ↑ 0.6 %

Five-year growth rates display historic and forecast CAGRs

➔ Major Players

There are no major companies in this industry

🕒 Products and Services

Item	Revenue	Market Share
Meals	\$1.1bn	39.2%
Beverages	\$947.0m	32.3%
Packaged foods	\$683.1m	23.3%
Alcoholic beverages	\$152.5m	5.2%

🔑 Key External Drivers

Key External Drivers	Impact
Consumer spending	Positive
Number of households	Positive
Demand from food services and drinking places	Positive
Agricultural price index	Positive

Key Takeaways

Performance

- Revenue slump caused by stiff competition in an evolving food services market. Ghost kitchens must continue to optimize their services and offerings to establish themselves.
- The normalization of pandemic trends has clouded the bright outlook of this industry. Consumers who were once clamoring for more online food options are slowly returning to pre-pandemic trends.

Products and Markets

- Higher tariffs on upstream suppliers will likely increase operating costs for ghost kitchens. A universal 10.0% import tariff and steep rates like 104.0% on Chinese goods could raise costs for imported ingredients and packaging materials. This could force ghost kitchens to absorb losses or pass costs to consumers, possibly leading to reduced profit and price hikes.
- Supply chain disruptions from tariffs could challenge operational efficiency in ghost kitchens. Tariffs may disrupt established supplier relationships, particularly for goods from China and Vietnam. Ghost kitchens might need to diversify suppliers or invest in domestic sourcing, but these strategies demand time and resources, straining their business models further.
- Various meals sold by ghost kitchens form the backbone of the industry. Consumers often look to ghost kitchens for a quick, tasty and easy meal.
- Delivery options have spurred new opportunities for ghost kitchens. Consumers have become more comfortable with online ordering which has benefited ghost kitchens, which operate with lower costs.

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Steady
Regulation and Policy	Moderate	Steady
Life Cycle	Growth	
Revenue Volatility	High	
Assistance	Low	Steady
Competition	High	Increasing
Innovation	Moderate	

Executive Summary

Phantom hunger: Operators will be bolstered by an infusion of capital, despite rising internal competition

Ghost Kitchens have become more prominent in the US food scene in recent years because of popular food concepts and pop-up shops. Ghost kitchens are commercial facilities designed for food preparation for delivery or takeout, eliminating the need for a physical dining space. Ghost kitchens have become more integrated into the economy because of several beneficial trends. The growing adaptation of technology has prompted a surge in demand for food delivery services, a trend that was accelerated by COVID-19. However, ghost kitchens have also encountered significant headwinds. The industry endured intense competition and the need for sustainable business models has also emerged. As the economy has normalized from the pandemic, ghost kitchens have largely been left behind, pressuring profit. Revenue is expected to slide at a CAGR of 2.2% to \$2.9 billion through the end of 2024, including a decline of 5.2% in 2024 alone.

During the height of the pandemic, lockdowns and social distancing measures prompted a surge in demand for contactless dining options. Technological innovations, including advanced order management systems and data analytics, enhanced operational efficiency and customer experience. Major restaurant chains, including Wendy's International LLC (Wendy's), invested heavily in ghost kitchens as they provided a cost-effective solution for restaurants to expand their delivery operations. In recent years, the food service sector has begun to normalize following the pandemic, which has limited sales for ghost kitchens. In 2023, Wendy's announced the permanent closure of all of its ghost kitchens and abandoned earlier plans to open 700 ghost kitchens across the US.

While revenue is expected to remain below previous expectations for the industry, ghost kitchens will continue to benefit from several trends across the food services sector. With the continued growth of online food delivery and takeout services, ghost kitchens are poised for growth. The convenience and cost-effectiveness of ghost kitchens appeal to both established restaurant brands and emerging concepts. While challenges like market saturation and operational efficiency persist, the industry will continue to evolve. Revenue for ghost kitchens is expected to grow at a CAGR of 0.5% to \$3.0 billion through the end of 2029.

Performance

Key Takeaways

Revenue slump caused by stiff competition in an evolving food services market. Ghost kitchens must continue to optimize their services and offerings to establish themselves.

The normalization of pandemic trends has clouded the bright outlook of this industry. Consumers who were once clamoring for more online food options are slowly returning to pre-pandemic trends.

Performance Snapshot

Revenue

\$2.9bn

'19-'24

↓ 2.2 %

'24-'29

↑ 0.5 %

2024 Revenue Growth

5.2 %

Decreasing

Revenue Volatility

High

Employees

42,248

'19-'24

↑ 0.1 %

'24-'29

↑ 0.6 %

Employees per Business

6

'19-'24

↓ 1.8 %

'24-'29

↓ 0.5 %

Revenue per Employee

\$69,395

'19-'24

↓ 2.4 %

'24-'29

↓ 0.1 %

Businesses

7,606

'19-'24 ↑ 1.9 %

'24-'29 ↑ 1.2 %

Employees per Business

6

'19-'24 ↓ 1.8 %

'24-'29 ↓ 0.5 %

Revenue per Business

\$385.5k

'19-'24 ↓ 4.1 %

'24-'29 ↓ 0.7 %

Total Profit

\$146.6m

'19-'24 ↓ 6.9 %

Profit Margin

5.0%

'19-'24 ↓ 1.4 pp

Profit per Business

\$19,273

Current Performance

↓ 2019-24 Revenue CAGR -2.2%

What's driving current industry performance?

Volatility fueled by the pandemic

- The COVID-19 pandemic caused a variety of consumer trends that had a conflicting influence on the performance of ghost kitchens. Consumers became increasingly comfortable with using technology and a new market of consumers became familiarized with the concept of online food delivery services.
- As food delivery services became more popular, ghost kitchens became a popular way for established and incoming businesses to grow their brand. Ghost kitchens are unique because they have significantly lower overhead and can be more flexible operationally.
- At the same time, the pandemic also caused consumers to cook at home more often, lessening demand for the food services sector. Market saturation also increased as a flood of new and established food service businesses fought to secure a share of this evolving market. Revenue for ghost kitchens has endured significant volatility as consumers have oscillated between a growing number of food service providers.

Virtual brands aim to expand through investments in the industry

- Virtual brands refer to culinary concepts specifically designed for delivery, operating solely through online platforms without a physical dining presence. Leveraging data-driven insights, virtual brands strategically tailor their offerings to cater to trending cuisines and consumer preferences.

- Established restaurant chains and entrepreneurial chefs are also capitalizing on this trend to diversify revenue streams. These business concepts provide brands with more flexibility, like the ability to experiment with innovative menus without the constraints of a traditional brick-and-mortar establishment.
- This underscores the industry's adaptability to changing consumer behaviors and the evolving landscape of the food delivery ecosystem.

Market saturation becomes more of a problem

- As more ghost kitchens enter the landscape, competition intensifies, making it challenging for businesses to stand out and secure a share of the market. The influx of new food service providers has caused oversaturation in certain cuisines or localities, diminishing profitability for individual ghost kitchens.
- This saturation has also started to strain partnerships with third-party delivery services, raising operational costs. Ghost kitchens have increasingly relied on marketing and branding to differentiate themselves.
- The lack of direct customer interaction in a ghost kitchen model can result in reduced brand loyalty and a diminished ability to control the customer experience. Reliance on third-party platforms also exposes ghost kitchens to sudden policy changes and fee hikes.

Outlook

↑ 2024-29 Revenue CAGR +0.5%

What's driving the industry outlook?

Ghost kitchens remain susceptible to threats from other food service providers

- Internal and external competition will continue to intensify in the coming years as food service providers struggle to capture a share of this evolving market. The need for differentiation becomes crucial for operators to stand out and attract a loyal customer base.
- Ghost kitchens will also continue to rely on the use of third-party platforms, which leaves them susceptible to changes in those platforms. High commission rates and potential changes in platform policies could impact profit for ghost kitchens.
- Strategies to mitigate these risks may include negotiating favorable agreements with delivery partners, developing proprietary delivery solutions or leveraging alternative distribution channels.

Ghost kitchens will become more integrated into the economy

- Modest revenue growth is expected as consumer trends continue to increase the popularity of ghost kitchen concepts. Technological advancements and the growing popularity of virtual food service options will also benefit the industry by increasing consumer access to ghost kitchens.
- Consumers have become more comfortable using online food delivery and takeout services since the pandemic. Convenience remains a high priority for many consumers, making the concept of quick delivery very attractive to many customers.
- Ghost kitchens are perfectly positioned to capitalize on many of these trends. These kitchens are designed to respond to changes in consumer preferences and can easily make changes to the concept, menu or location.

Volatility

High

What influences industry volatility?

Market saturation heightens the level of volatility

- In oversaturated markets, competition intensifies, making it harder for ghost kitchens to attract and retain customers, potentially leading to revenue fluctuations.
- Low levels of profitability also heighten the impact of revenue volatility. Ghost kitchens typically operate with a thin level of profit that makes them susceptible to shifts in consumer preferences.

☆ Key Success Factors

How do successful businesses overcome volatility?**Appeal to business from a desired demographic**

Volatility is reduced when a kitchen specializes in serving a particular demographic where demand is stable during downturns and services complement an essential service.

Develop links with suppliers

Ghost kitchens rely on a steady supply of inputs to be able to develop a loyal customer base. Since the pandemic, the need to have strong links with a variety of suppliers has increased.

Life Cycle

Growth

Products and Markets

Key Takeaways

Higher tariffs on upstream suppliers will likely increase operating costs for ghost kitchens. A universal 10.0% import tariff and steep rates like 104.0% on Chinese goods could raise costs for imported ingredients and packaging materials. This could force ghost kitchens to absorb losses or pass costs to consumers, possibly leading to reduced profit and price hikes.

Supply chain disruptions from tariffs could challenge operational efficiency in ghost kitchens. Tariffs may disrupt established supplier relationships, particularly for goods from China and Vietnam. Ghost kitchens might need to diversify suppliers or invest in domestic sourcing, but these strategies demand time and resources, straining their business models further.

Various meals sold by ghost kitchens form the backbone of the industry. Consumers often look to ghost kitchens for a quick, tasty and easy meal.

Delivery options have spurred new opportunities for ghost kitchens. Consumers have become more comfortable with online ordering which has benefited ghost kitchens, which operate with lower costs.

Largest Market
\$1.1bn Meals

Product Innovation
Moderate

Products and Services

How are the industry's products and services performing?

Meals form the backbone of the industry

- Ghost kitchens will typically specialize in meals from a particular region or specialty. This includes cuisines from all across the globe. Ghost kitchens may also be focused on vegan food.
- Leveraging data insights, virtual brands continue to experiment with innovative menus, providing customers with a broad selection of unique meals.
- Meals comprise the largest share of revenue for ghost kitchens. Consumers appreciate the innovative and unique experience that ghost kitchens can provide. Ghost kitchen meals are popular among food enthusiasts and consumers looking to try something different.

Beverages provide a steady source of income

- To maximize performance, most ghost kitchens offer beverages to accompany the food ordered by customers. Some kitchens focus exclusively on the sale of beverages. This segment does not include alcoholic beverages.
- Coffee and tea constitute a large share of this segment, especially as consumers have become more comfortable paying high prices for artisanal coffee and tea products.
- Ghost kitchens tend to cater to consumers wanting a unique and quality beverage. Ghost kitchens may partner with a third-party to design an artisanal drink that can be offered as a signature to customers.

Packaged foods are popular among certain demographics

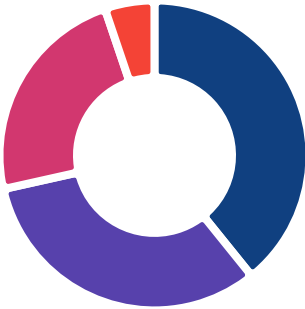
- Ghost kitchens also produce a variety of packaged foods that can be easily integrated into orders. These products tend to be especially popular with time-strapped consumers and families.
- These groups are especially concerned with convenience and value the ability to purchase food that can be consumed at a later time. Packaged foods can include sandwiches, salads and healthy bowls.
- Some ghost kitchens will offer a variety of packaged meals and snacks to cater to the different needs of their customer base. Recent fears about disease stemming from the pandemic may also be eased by packaged foods, which may be perceived as being more sanitary because of the packaging.

Alcoholic beverages are less common in this industry

- The sale of alcoholic beverages accounts for a modest share of revenue, primarily because of the nature of ghost kitchens. Most orders are fulfilled by delivery services, making the sale of alcohol difficult in some cases. Licensing regulations can also be a hurdle for ghost kitchens.
- Beer, wine and cocktails comprise the bulk of this segment. Ghost kitchens have had to find innovative packaging solutions to ensure the safe delivery of these beverages.

Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



IBISWorld

Source: IBISWorld

What are innovations in industry products and services?

Moderate

Virtual brands are changing the landscape

- The emergence of virtual brands has been a sign of innovation. These brands exist entirely online and can be tailored to deliver a certain consumer experience. These brands are exceptionally flexible, allowing them to adapt to a changing landscape.

☆ Key Success Factors

What products or services do successful businesses offer?

Identify and assess demographic and social trends

Providing services that consider the changing diversity of tastes and changes in location demographics will broaden a kitchen's client pool and retain clients.

Establish supply contracts for key inputs

By ensuring the supply of key inputs, ghost kitchens can budget, reduce cost volatility and provide services at contracted prices, avoiding a reduction in profit.

Major Markets

What's influencing demand from the industry's markets?

Delivery constitutes the majority of revenue

- Ghost kitchens operate as centralized cooking facilities focused solely on preparing meals for delivery or takeout. Stripped of dine-in spaces, these kitchens are optimized for efficiency and cost-effectiveness.
- Customers place orders through various online platforms and ghost kitchens leverage advanced order management systems. Streamlined processes and partnerships with third-party delivery services enable ghost kitchens to provide contactless delivery.
- This model caters to the rising demand for convenient, on-demand dining experiences, offering diverse culinary options without the

Ghost Kitchens in the US

overhead of the traditional model. Ghost kitchens improve accessibility and offer more choices for customers.

Third-party orders provide opportunities for future growth

- Ghost kitchens can also act as a go-between for third-parties to help them fulfill their orders. Using platforms like DoorDash and Grubhub, ghost kitchens can make sales to customers without managing the delivery process.
- These platforms serve as intermediaries, handling order processing, payment transactions and delivery coordination. Some ghost kitchens will use this market segment to expand their reach to customers and tap into new customer bases.
- This market segment can be less profitable for ghost kitchens, as they often endure higher costs associated with these types of orders. Ghost kitchens must be able to balance expanding their brand with ensuring they are entering into profitable ventures.

International Trade

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

Geographic Breakdown

Business Locations

☆ Key Success Factors

How do businesses use location to their advantage?

Allocate products and/or services to areas of greatest need

Locating near large urban populations with more significant needs for food services, near clusters of institutions that require food services or in smaller towns without providers will boost the number of potential clients.

Guarantee supply of key inputs

Locating near markets for key inputs will stave off supply chain problems, allowing kitchens to switch suppliers or make substitutions to avoid product scarcity or higher prices.

Competitive Forces

Key Takeaways

Ghost kitchens contend with competition from a wide variety of sources. Some kitchens are focusing on quality and novelty to attract customers.

Competition for supply contracts can also be fierce. With relatively low levels of profit, ghost kitchens fight to secure beneficial supply contracts to guarantee supplies of key inputs.

Buyer & Supplier Power

External Environment

Key Takeaways

Successful ghost kitchens manage hiring, compensation and wage issues fairly. OSHA and the National Restaurant Association provide resources for businesses in food service.

Assistance during the COVID-19 pandemic was largely focused on traditional restaurants. Employers affected by inflation also have some relief opportunities from local governments.

Regulation & Policy

Moderate Steady

Assistance

Low Steady

External Drivers

What demographic and macroeconomic factors impact the industry?

Consumer spending

Total consumer spending measures the dollar amount spent by consumers on goods and services. As consumer spending rises, revenue performance for ghost kitchens will also rise since more consumers will increase spending on goods and services, including industry-relevant products. Declines in consumer spending pose a potential threat to the industry.

Number of households

The number of households will determine the aggregate demand from consumers since they are consumed as part of a fixed diet and essentially compete with all other food options. The more households there are, the wider the potential consumer base for ghost kitchens. Growth in the number of households represents a potential opportunity for the industry.

Demand from food services and drinking places

Demand from food services and drinking places measures the aggregate demand for the corresponding subsector. As overall demand for the subsector rises, demand for ghost kitchen services will also rise. This applies to consumer-servicing kitchens and industrial kitchen operations since this industry also provides contractual services for a variety of businesses.

Agricultural price index

The agricultural price index measures the average return for farmers operating within the agriculture sector (IBISWorld report 11). Average prices for farmers will dictate downstream prices for inputs. When input prices grow they can benefit revenue by increasing product prices; however, this may come at the expense of profit.

Financial Benchmarks

Key Takeaways

Purchase expenses are largely comprised of equipment and ingredients. Costs have remained high in recent years as kitchens have battled inflationary pressure.

Profit is relatively low for ghost kitchens. Still, operating costs are lower than most traditional food service establishments, enabling ghost kitchens to effectively compete on price.



Cost Structure

Cost Structure Benchmarks

Operating costs	Industry (%)	Sector (%)
Purchases	35.7	3.06
Wages	33.4	12.91
Rent	5.3	1.96
Profit	5	23.75
Depreciation	1.7	1.58
Marketing	1.7	2.22
Utilities	1.6	0.15
Other Costs	15.6	54.38

What trends impact industry costs?

Profitability stifled by stiff competition and growing costs

- In 2024, profit is expected to account for 5.0% of industry revenue, down from 6.4% in 2019.
- Input costs and labor costs are the prime determinants of industry profitability. Over the past five years, both costs have increased as a share of revenue, pressuring profit.
- Ghost kitchens operate in a highly saturated market comprising restaurants, food trucks and other food service establishments. The growing level of competition has eroded profitability as price competition is high.

Wages grow despite revenue slumps

- Wage costs are expected to comprise 33.4% of revenue in 2024, up from 32.7% in 2019.
- Ghost kitchens are labor intensive since employees are required for

food preparation, cooking and cleaning up. Recent growth in wages has been fueled by growing minimum wage levels.

- Recent dips in revenue have contributed to wages growing as a share of revenue. Ghost kitchens have struggled to reduce wages at the same rate as revenue has declined.

Purchases are the largest cost segment

- In 2024, purchases are expected to account for 35.7% of revenue, down from 36.1% in 2019.
- Ghost kitchens have to purchase various equipment like stoves, cookware and sanitary supplies. They also must buy ingredients and other inputs used to prepare cuisine.
- Purchases are the largest cost for ghost kitchen operators and have remained high in recent years. Rising food costs have contributed to lower levels of profit.

Financial Ratios

Days' Receivables

42.2 Higher than sector

Interest Coverage

1.9 Higher than sector

Debt/Net Worth

5.0 Higher than sector

Earnings Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
EBIT/Revenue	5.4	-6.4	4.1	9.9	12.0	11.0	4.9	5.0
EBITDA/Revenue	8.9	-2.7	7.2	13.8	18.5	16.2	9.2	8.8
Leverage Ratio	11.2	-36.8	13.9	7.2	5.4	6.3	-2.6	3.4

Industry Tax Structure

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Taxes Paid/Revenue	1.0	1.4	0.9	2.2	1.9	2.0	1.6	1.4

Income Statement

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Business receipts	92.9	94.2	94.3	94.4	91.3	92.9	93.6	93.6
Cost of goods	55.6	57.7	59.6	42.7	38.9	40.8	49.7	53.0
Gross Profit	44.4	42.3	40.4	57.3	61.1	59.2	50.3	47.0
Expenses								
Salaries and wages	10.6	14.7	9.2	9.1	7.7	8.4	10.2	10.4
Advertising	1.1	1.3	0.8	1.3	1.1	1.2	1.1	1.1
Depreciation	0.8	1.2	1.0	1.5	1.3	1.4	1.2	1.2
Depletion	0.3	0.2	0.3	0.1	0.5	0.3	0.3	0.3
Amortization	2.4	2.3	1.8	2.4	4.7	3.5	2.8	2.3
Rent paid	1.3	2.4	1.3	1.7	1.5	1.6	1.7	1.7
Repairs	0.9	0.9	0.8	0.4	0.2	0.3	0.5	0.7
Bad debts	0.1	0.2	0.1	0.4	0.2	0.3	0.2	0.2
Employee benefit programs	2.0	2.4	1.7	3.5	4.4	3.9	3.0	2.4
Compensation of officers	2.2	3.3	2.0	9.4	10.4	9.9	6.3	4.1
Taxes paid	1.0	1.4	0.9	2.2	1.9	2.0	1.6	1.4
Interest Income	0.2	0.0	0.2	0.1	1.4	0.8	0.4	0.4
Other Income								
Royalties	0.1	0.3	0.0	0.7	3.1	1.9	1.0	0.8
Rent Income	2.6	2.0	1.9	0.2	0.1	0.1	1.1	1.5
Net Income	4.0	-8.4	2.7	3.6	3.7	3.7	0.4	1.9
Charitable contributions	0.1	0.2	0.1	0.2	0.1	0.2	0.2	0.1
Dividends	0.5	0.4	0.4	1.6	1.4	1.5	0.9	0.7
Interest paid	0.4	0.6	0.6	4.1	6.4	5.3	2.9	1.7
Net gain, noncapital assets	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Net long-term capital gain less net short-term loss	0.4	0.0	0.2	0.1	0.1	0.1	0.1	0.2
Net loss, noncapital assets	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1
Net short-term capital gain less net long-term loss	1.1	0.8	0.8	0.9	0.4	0.7	0.7	0.7
Other deductions	15.8	19.0	16.6	15.3	14.6	14.9	16.4	16.1
Other receipts	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Pension, profit-sharing, etc., plans	1.1	0.4	0.5	2.2	2.5	2.3	1.4	1.1

Balance Sheet

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Assets								
Cash and Equivalents	6.2	3.4	4.8	4.8	5.0	4.9	4.5	5.2
Notes and accounts receivable	6.8	2.3	4.8	7.9	11.6	9.7	6.6	5.7
Allowance for bad debts	0.1	0.1	0.1	0.8	0.8	0.8	0.4	0.3
Inventories	12.2	17.7	9.7	14.8	18.9	16.9	15.3	13.6
Other current assets	0.5	2.7	2.6	3.7	4.2	4.0	3.3	2.8
Other investments	30.2	28.1	30.2	22.9	16.1	19.5	24.3	26.0
Property, Plant and Equipment	40.1	35.6	33.6	27.5	34.8	31.1	32.9	34.8
Accumulated depreciation	20.9	21.8	17.0	17.1	22.4	19.8	19.6	20.0
Intangible assets (Amortizable)	26.3	25.8	23.9	18.1	15.9	17.0	20.9	22.7
Accumulated amortization	8.3	8.7	9.4	4.0	3.3	3.6	6.3	5.9
Other assets	0.9	8.1	10.1	7.0	6.6	6.8	7.9	6.0
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounts payable	11.5	9.6	8.4	6.1	9.1	7.6	8.3	9.1
Liabilities and Net Worth								
Mort, notes, and bonds under 1 yr	8.7	7.0	6.1	10.0	11.7	10.9	8.7	7.8
Other current liabilities	0.8	1.3	3.1	7.1	6.7	6.9	4.5	5.3
Loans from shareholders	19.0	20.1	19.3	7.4	7.0	7.2	13.4	16.8
Mort, notes, bonds, 1 yr or more	18.3	22.2	19.6	34.2	35.8	35.0	27.9	21.7
Other liabilities	8.9	11.0	11.2	8.7	9.6	9.2	10.1	10.1
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Capital stock	2.2	3.5	5.0	1.9	-1.3	0.3	2.3	1.4
Additional paid-in capital	50.6	32.8	34.8	30.6	18.2	24.4	29.1	39.9
Retained earnings, appropriated	-5.1	-3.4	-1.2	-4.5	-2.6	-3.6	-2.9	-5.8
Retained earnings-unappropriated	10.8	7.7	16.6	12.9	19.0	16.0	14.1	9.0
Cost of treasury stock	25.8	11.7	22.9	14.4	13.2	13.8	15.5	15.5
Net worth	32.8	28.9	32.3	26.5	20.1	23.3	26.9	29.0
Accumulated depletion	0.0	0.0	0.0	0.2	0.3	0.3	0.1	0.1
Depletable assets	0.5	0.0	0.0	1.5	0.8	1.1	0.6	0.4
Government Obligations	0.0	0.0	0.0	0.8	0.5	0.6	0.3	0.6
Land	3.8	3.2	2.4	4.9	4.3	4.6	3.7	3.5
Loans to shareholders	1.0	2.5	3.0	1.4	1.6	1.5	2.1	2.8
Mortgage and real estate loans	0.0	0.3	0.2	5.8	5.7	5.7	3.0	1.7
Tax Exempt Securities	0.8	1.0	1.1	1.2	0.9	1.0	1.0	0.7

Liquidity Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Current Ratio	1.3	1.5	1.3	1.5	1.5	1.5	1.5	1.3
Quick Ratio	0.7	0.5	0.8	0.8	0.8	0.8	0.7	0.7
Sales/Receivables	14.7	43.4	21.0	12.6	8.7	10.6	21.4	30.9
Days' Receivables	24.9	8.4	17.4	28.9	42.2	35.5	24.2	18.2
Days' Inventory	80.1	111.8	59.3	126.7	177.4	152.0	118.8	83.9
Inventory Turnover	4.6	3.3	6.2	2.9	2.1	2.5	3.6	5.5
Payables Turnover	4.8	6.0	7.1	7.1	4.3	5.7	6.1	7.5
Days' Payables	75.7	60.6	51.7	51.8	85.3	68.5	62.4	53.2
Sales/Working Capital	16.6	10.2	17.9	8.7	6.3	7.5	10.8	12.4

Coverage Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Interest Coverage	15.2	-11.5	7.3	2.4	1.9	2.1	0.0	4.9
Debt Service Coverage Ratio	1.0	-0.4	1.2	1.4	1.6	1.5	0.9	1.4

Leverage Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Fixed Assets/Net Worth	3.0	3.3	2.7	2.8	4.1	3.4	3.2	3.1
Debt/Net Worth	3.1	3.5	3.1	3.8	5.0	4.4	3.8	3.5
Tangible Net Worth	32.8	28.9	32.3	26.5	20.1	23.3	26.9	29.0

Operating Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Return on Net Worth, %	16.6	-22.3	12.8	37.4	59.5	48.5	21.9	23.5
Return on Assets, %	5.4	-6.4	4.1	9.9	12.0	11.0	4.9	6.4
Sales/Total Assets	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.3
EBITDA/Revenue	8.9	-2.7	7.2	13.8	18.5	16.2	9.2	8.8
EBIT/Revenue	5.4	-6.4	4.1	9.9	12.0	11.0	4.9	5.0

Cash Flow & Debt Service Ratios (% of sales)

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Cash from Trading	36.1	34.3	52.0	57.7	57.7	57.7	50.4	47.0
Cash after Operations	21.7	10.0	39.8	38.7	35.9	37.3	31.1	28.8
Net Cash after Operations	20.8	8.6	37.5	36.5	39.5	38.0	30.5	28.6
Debt Service P&I Coverage	2.0	0.9	4.7	2.3	2.0	2.2	2.5	3.2
Interest Coverage (Operating Cash)	58.3	15.3	65.9	8.8	6.1	7.5	24.0	35.4

Key Ratios

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage (\$)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2010	97,680	0.6	4.7	5.8	26,839	27.5	1.2	34.8
2011	90,094	0.5	4.8	5.9	24,956	27.7	1.2	34.9
2012	86,980	0.5	4.8	5.8	24,289	27.9	1.2	35.1
2013	85,806	0.5	4.8	5.8	24,660	28.7	1.2	36.7
2014	81,927	0.5	4.9	5.9	24,232	29.6	1.2	38.2
2015	80,855	0.5	5.2	6.1	24,613	30.4	1.2	39.1
2016	79,791	0.5	5.3	6.3	25,000	31.3	1.2	40.0
2017	77,269	0.5	5.1	6.1	24,915	32.2	1.2	40.4
2018	75,181	0.4	4.9	5.8	24,406	32.5	1.2	40.4
2019	78,166	0.5	5.1	6.1	25,547	32.7	1.2	40.6
2020	70,631	0.4	4.8	5.7	23,240	32.9	1.2	40.8
2021	71,838	0.4	4.8	5.8	23,319	32.5	1.2	40.1
2022	72,111	0.4	4.8	5.8	23,336	32.4	1.2	39.6
2023	71,170	0.4	4.8	5.7	23,275	32.7	1.2	39.9
2024	69,395	0.4	4.6	5.6	23,158	33.4	1.2	40.1
2025	69,157	0.4	4.6	5.5	23,142	33.5	1.2	40.2
2026	69,074	0.4	4.6	5.5	23,137	33.5	1.2	40.3
2027	69,057	0.4	4.6	5.4	23,134	33.5	1.2	40.3
2028	68,918	0.4	4.5	5.4	23,125	33.6	1.2	40.4
2029	68,908	0.4	4.5	5.4	23,125	33.6	1.2	40.4
2030	68,968	0.4	4.5	5.4	23,130	33.5	1.2	40.4

Key Statistics

Industry Data

Values

Year	Revenue (\$ Million)	IVA (\$ Million)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Wages (\$ Million)
2010	3,080.2	1,071.2	6,734	5,476	31,534	846.3
2011	3,019.2	1,052.7	6,939	5,690	33,512	836.3
2012	2,964.9	1,041.4	7,125	5,920	34,087	828.0
2013	3,056.4	1,122.9	7,408	6,091	35,620	878.4
2014	2,989.1	1,143.2	7,390	6,135	36,485	884.1
2015	2,838.2	1,110.9	6,811	5,763	35,102	864.0
2016	3,076.0	1,229.3	7,323	6,118	38,551	963.8
2017	3,174.1	1,283.7	7,982	6,699	41,078	1,023.5
2018	3,108.3	1,255.6	8,390	7,158	41,344	1,009.0
2019	3,281.2	1,332.7	8,299	6,918	41,977	1,072.4
2020	2,803.3	1,143.2	8,329	6,953	39,689	922.4
2021	3,010.1	1,208.5	8,667	7,221	41,901	977.1
2022	3,114.6	1,232.2	8,914	7,424	43,192	1,007.9
2023	3,094.1	1,234.0	9,104	7,594	43,474	1,011.8
2024	2,931.8	1,174.8	9,088	7,606	42,248	978.4
2025	2,929.5	1,177.6	9,188	7,696	42,360	980.3
2026	2,940.4	1,184.5	9,274	7,770	42,569	984.9
2027	2,960.6	1,193.4	9,389	7,869	42,872	991.8
2028	2,982.1	1,204.2	9,514	7,978	43,270	1,000.6
2029	3,004.6	1,213.7	9,620	8,069	43,603	1,008.3
2030	3,027.7	1,222.1	9,713	8,149	43,900	1,015.4

Note

Figures are inflation adjusted to 2025

Industry Data

Annual Change

Year	Revenue %	IVA %	Estab. %	Enterprises %	Employment %	Wages %
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	-2.0	-1.7	3.0	3.9	6.3	-1.2
2012	-1.8	-1.1	2.7	4.0	1.7	-1.0
2013	3.1	7.8	4.0	2.9	4.5	6.1
2014	-2.2	1.8	-0.2	0.7	2.4	0.7
2015	-5.0	-2.8	-7.8	-6.1	-3.8	-2.3
2016	8.4	10.7	7.5	6.2	9.8	11.6
2017	3.2	4.4	9.0	9.5	6.6	6.2
2018	-2.1	-2.2	5.1	6.9	0.6	-1.4
2019	5.6	6.1	-1.1	-3.4	1.5	6.3
2020	-14.6	-14.2	0.4	0.5	-5.5	-14.0
2021	7.4	5.7	4.1	3.9	5.6	5.9
2022	3.5	2.0	2.8	2.8	3.1	3.2
2023	-0.7	0.1	2.1	2.3	0.7	0.4
2024	-5.2	-4.8	-0.2	0.2	-2.8	-3.3
2025	-0.1	0.2	1.1	1.2	0.3	0.2
2026	0.4	0.6	0.9	1.0	0.5	0.5
2027	0.7	0.8	1.2	1.3	0.7	0.7
2028	0.7	0.9	1.3	1.4	0.9	0.9
2029	0.8	0.8	1.1	1.1	0.8	0.8
2030	0.8	0.7	1.0	1.0	0.7	0.7

Note

Figures are inflation adjusted to 2025

Key Success Factors

How do successful businesses overcome volatility?

Appeal to business from a desired demographic

Volatility is reduced when a kitchen specializes in serving a particular demographic where demand is stable during downturns and services complement an essential service.

Develop links with suppliers

Ghost kitchens rely on a steady supply of inputs to be able to develop a loyal customer base. Since the pandemic, the need to have strong links with a variety of suppliers has increased.

What products or services do successful businesses offer?

Identify and assess demographic and social trends

Providing services that consider the changing diversity of tastes and changes in location demographics will broaden a kitchen's client pool and retain clients.

Establish supply contracts for key inputs

By ensuring the supply of key inputs, ghost kitchens can budget, reduce cost volatility and provide services at contracted prices, avoiding a reduction in profit.

How do businesses use location to their advantage?

Allocate products and/or services to areas of greatest need

Locating near large urban populations with more significant needs for food services, near clusters of institutions that require food services or in smaller towns without providers will boost the number of potential clients.

Guarantee supply of key inputs

Locating near markets for key inputs will stave off supply chain problems, allowing kitchens to switch suppliers or make substitutions to avoid product scarcity or higher prices.

How do successful businesses handle concentration?

Clearly specify requirements to suppliers and contractors

In response to concentration and competition that drives prices, developing strong relationships with suppliers will reduce costs and volatility in purchases, preserving profit.

Incorporate long-term sales contracts

In a concentrated marketplace, ghost kitchens must leverage unique products, improve quality and foster a strong brand to land long-term contracts.

How can potential entrants overcome barriers to entry?

Develop contacts within key markets

Before entry, establishing contacts with key input markets will ensure input price stability and the ability to scale to meet any increases in demand.

Secure economies of scale

To reduce the barrier to entry into a market with other competitors (especially large competitors), securing economies of scale will allow a company to manage volatility, strategically competing with large clients by offering competitive prices.

How do successful businesses compete with substitutes?

Develop new products

To grow their consumer base, ghost kitchens often experiment with adding new food offerings to keep customers happy and develop a loyal consumer base.

Offer a competitively priced product

There are many options that consumers can choose from for a meal. Ghost kitchens must offer competitively priced products to carve out a space in the market.

How do successful businesses manage buyer & supplier power?**Alter goods and services produced in favor of market conditions**

To combat supplier power, ghost kitchens can switch to different inputs until there are more favorable market conditions (abundance of product, few purchasers to drive price upwards).

Develop an extensive distribution network

Developing an extensive distribution network to expand the number of contracts and clients allows larger kitchens to take advantage of economies of scale, especially in a competitive market.

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