



Is This the Future of the Restaurant Industry?

Description

Companies like Skip the Dishes and Door Dash could have a significant impact on how restaurants look in the future. The demand for delivery services has been on the rise, as it's not uncommon for people to use one of the popular delivery apps to make even small orders from **McDonald's** or other fast-food restaurants.

Convenience has taken over, and while there's certainly still a significant number of people that still like to dine-in at a restaurant, the problem for restaurants is that with delivery companies needing to take a cut, margins can get squeezed. Although some restaurants may choose to not partake in the hot, new trend, the solution may be to find ways to cut costs and become even leaner.

That could mean cutting not only staff but space as well.

Virtual restaurants are on the rise

For a company like **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), which owns popular restaurant chains [Tim Hortons](#) and Burger King, where a lot of traffic comes via drive-thru and consumers that aren't dining inside, it could make a lot of sense to reduce the footprint of their stores. With [growth](#) being a bit of a problem for the company, one way to appease investors could be to bring costs down and help maximize overall profits.

The virtual restaurant and "ghost kitchen" are trends that are growing, especially south of the border, where companies are focusing on serving delivery orders and nothing else. The restaurants are not what customers are used to and occupy little space, have minimal staff, and also don't have nearly as much overhead. That certainly helps a lot when it comes to the overall competitiveness of a restaurant on delivery apps.

For a restaurant like Tim Hortons, which normally sees long lineups at its drive-thru mainly for coffee and breakfast items, there's definitely ample opportunity there to create a more efficient operation — one that could be more catered towards pickup and delivery. The big decision for Tim Hortons and other restaurants is whether the virtual restaurant is the way to go, as there are plenty of people that

still enjoy coming into the coffee shop.

Efficiency comes at a cost

One of the big disadvantages of these trends is that restaurants would become disconnected with their customers and wouldn't be able to interact with them the way they do today. There wouldn't be the opportunity for diners to tip for great service and waiters and waitresses will be replaced with delivery drivers who could soon be replaced by driverless vehicles. Whether the industry ends up going this route will ultimately depend on how successful these food delivery apps become.

Bottom line

Just like online shopping didn't kill the shopping mall, at least not yet, there's little reason to believe that food delivery apps will eliminate the dining experience either. But that doesn't mean that it couldn't be a great way for a company like Restaurant Brands to diversify and add some virtual restaurants to help meet the demand of this growing market, especially as its clientele becomes younger and more tech-savvy.

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