

HOT TOPICS

A Newsletter for the Foodservice Industry from Hatco Corporation. 100% Employee Owned — Spring 2020, No. 64



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Welcome to Hot Topics!



Some words about courage

by Dave Rolston

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How ghost kitchens are changing, and saving, foodservice

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SOME WORDS ABOUT COURAGE

by David Rolston
President and CEO

Ernest Hemingway famously defined courage as “grace under pressure.” In the face of the current Coronavirus Pandemic, I am awed by the many instances of courageous behavior that I see on the part of people in our industry.

At the mention of the word “foodservice,” many if not most of the public immediately visualize restaurants, cafeterias, or similar establishments. In reality, it is so much more than that. Because food is so essential to life, it includes a vast community ranging from farmers and producers to processors to truckers to those who sell it, prepare it, serve it, package it, and deliver it. At a time when many of us have the luxury (and, yes, despite the many complaints you hear, it is a luxury) of staying in and working from home, this army of professionals has no choice but to endure the possible dangers of infection that come from necessary association with potentially infectious people, places, or situations. Nonetheless, they do their jobs so that the rest of us can survive.

The closure of restaurants and other facilities has resulted in hardship and loss of work for many. For how long they will remain unemployed and whether their place of work will remain open in the aftermath of this Pandemic remains to be seen. For some, the future will hold the effort and expense of retraining for alternative careers.

As with any great conflict, whether it be war or pandemic, we can safely assume that, at its completion, we will face major changes. We at Hatco and many associates and even competitors throughout the industry are working now to anticipate such change and to make it as painless as possible for our people and our public.

In the meantime, let us offer our prayers and our most sincere thanks on behalf of those who, in a very difficult time, are demonstrating such “grace under pressure.”

David Rolston
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FOOD
DELIVERY

How ghost kitchens ARE CHANGING, AND SAVING, FOODSERVICE

The unfortunate necessity of voluntary “quarantining” as a result of the Coronavirus Pandemic was somewhat lessened in many urban American locales by one fortunate coincidence: the increasing popularity of food delivery and the rapid growth of the infrastructure that supports it. Two major components of the market are delivery services and “ghost kitchens”— food preparation facilities dedicated solely to take-out orders.

Even prior to the Coronavirus outbreak, the increasing popularity and rapid growth of ghost kitchens has not only resulted in the development of a new foodservice business model, but, by virtue of its advantages and capabilities, will impact the entire foodservice industry.

The increase in patronage due to the response to the pandemic will broaden the user base and increase their popularity. The primary reason for their efficiencies is the fact that ghost kitchens, in their approach and methodology, more closely resemble manufacturing facilities than they do traditional foodservice establishments. As such, they’re capable of incorporating many of the advantages that modern technology has brought to the production sector.

Ghost kitchens are the result of the convergence of several factors, including the proliferation of home delivery services, the public’s desire for more choices, higher quality, and greater convenience in take-out orders, the popularity of the internet as an ordering medium, and the difficulties experienced by traditional restaurants in simultaneously preparing in-house and take-out meals. A further problem for standard restaurants involves arranging for pick-up of orders without, at the same time, impacting the front-of-the-house dining experience.

While order pick-up has always been a facet of the fast-food segment, it has required both on-site ordering and pick-up by the customer. Delivery has been prevalent in certain segments—predominantly pizza restaurants—but the menu has been limited and the delivery service proprietary to the local unit. The proliferation of personal transportation services such as Uber and Lyft and their subsequent addition of independent food delivery capabilities (Uber Eats, Grubhub, Postmates, Caviar, and others) have provided a ready-made infrastructure without the need for capital expenses, recruitment, and other costs. An ancillary benefit of such



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services derives from their employment by multiple different food sources and their resulting ability to spot new trends in the popularity of specific cuisines and/or menu items.



While ghost kitchens can serve a single restaurant or restaurant chain, others serve a number of different establishments. A third variant is the ghost kitchen developed for take-out only that is unrelated to any brick-and-mortar location.

Robert Earl, the founder of Planet Hollywood and whose company includes other brands such as Earl of Sandwich and Buca di Beppo, has announced plans for a delivery-only concept called Wing Squad, which will be launched in 16 cities.



A further advantage of ghost kitchens has to do with the ability to locate in areas that offer both logistical and economic advantages. While the success of full-service restaurants is influenced by their location in heavily trafficked, and consequently expensive, areas, ghost kitchens are more advantageously placed in less populated areas where rentals are cheaper and both supply and delivery vehicles can have easier access.

A recent article in *The Wall Street Journal* dealt with both restaurant holding companies and real estate consortiums utilizing empty malls and retail space as ghost kitchen locations. Additionally, a number of venture capital groups are developing locations which are then sublet to foodservice operators. A story in *USA Today* spotlighted Kitchen United, a group sponsored by Google Ventures and other investors that is currently building kitchens for Chick-Fil-A, The Halal Guys, and Dog Haus in Pasadena and Chicago and plans to open additional facilities throughout the country.

One of the primary considerations in opting for the incorporation of ghost kitchens into the business plan involves the menu offerings. Typically, a take-out menu is less extensive than the full menu due to such considerations as ease of preparation, packaging, and product life/retention of flavor between the kitchen and the customer. This is especially true for more upscale restaurants where subtlety and presentation are key factors.

The ghost kitchen is still relatively new and has already morphed into a number of different approaches, ranging from proprietary facilities serving a specific restaurant chain to totally new concepts offering delivery only. The wide variety of types and flavors of foods available generates a more intense competition and in some cases a frequent revision of the offerings. Further, the market area is a prime consideration, both from the standpoint of the number of prospective customers and the length of delivery times. While still in flux though, the ghost kitchen/delivery concept is playing an increasing role in the dining experience. As lifestyle choices and electronic marketing have encouraged a larger segment of the public to opt for greater privacy and increased convenience, delivery systems are becoming ever



more popular. A major event such as the Coronavirus Pandemic that demands seclusion for specific population segments will have the effect of introducing many more individuals to online ordering and meal delivery. The result will likely engender major changes in food and dining location preferences.

The relative novelty of the ghost kitchen concept, and its wide-ranging response to the health crisis, ensures that the market will evolve over time and prompt the development of equipment, menu offerings, packaging and value-added features designed to serve its particular target markets. While the extent of its evolution and influence cannot yet be judged, it is clear that it will exert a significant effect on both the foodservice industry and public dining habits and will, in all likelihood, be viewed as a major asset in times of both national emergencies and local disasters. ■





Learning from industry

As manufacturing and processing facilities for the consumer market, ghost kitchens can take advantage of many tools pioneered by other business avenues, some of which can take on especial importance in the time of a pandemic.



- **Automation.** The mention of robots calls to mind creatures similar to the Tin Man from “The Wizard of Oz” or R2-D2 in “Star Wars.” In reality, the term robotic technology is more appropriate and can refer to the mechanization of any process. Certain of these offer significant advantages, especially from a sanitary viewpoint as, in many cases, they accomplish the necessary preparation/packaging process without human interventions, thereby limiting exposure to contaminants. The equipment likewise is easily cleaned and disinfected.

For many years, electronics manufacturers have made use of so-called SCARA robots. A miniaturized version of the “pick and place” robot, they were principally used in the rapid assembly of printed circuit boards and other electronic components. With the correct grippers, an adapted variant could be used in anything from making sandwiches to positioning foods on plates. Thanks to vision systems and improved grippers, mechanized assembly tools have become much more common and easy to use.



- **Heuristic methods.** Under the banner of Operations Research, businesses have long utilized mathematical formulas for developing answers to specific challenges. The **factory location method** is used to pinpoint the most desirable site for a plant vis-à-vis raw material suppliers on the one hand and distributors or customers on the other. This differs from the traffic studies typically conducted by QSR’s and others in that it includes more and dynamic variables.



The **queuing problem** was originally developed to determine the optimum number of service windows for workers needing tools. Obviously, it is easily modified with regard to where ingredients are stored and how frequently the storage facility is accessed. An example might be the number and sizes of refrigeration units.



- **Versatile Software.** While many associate automation with assembly lines or other high production procedures, the more recent emphasis on lower quantity but more complex parts has resulted in the development of user-friendly software that enables faster changeover time for different job assignments.

Printed code or RF systems can immediately call up the appropriate program for the task at hand.



- **Faster and less expensive market research.** Historically, the introduction of any new product in a fast-food or other standardized restaurant chain has been preceded by a long cycle of development and testing. Thanks to order inputs, kitchen operators can more quickly spot and respond to trends in foods, flavorings, or preparation, much as fashion and makeup producers have incorporated real-time research and response techniques to gauge the popularity of styles and colors.



- **Transfer systems.** Conveyors, pallet transfer, robotic arm actuation, and other systems can be adapted to serve food preparation needs.



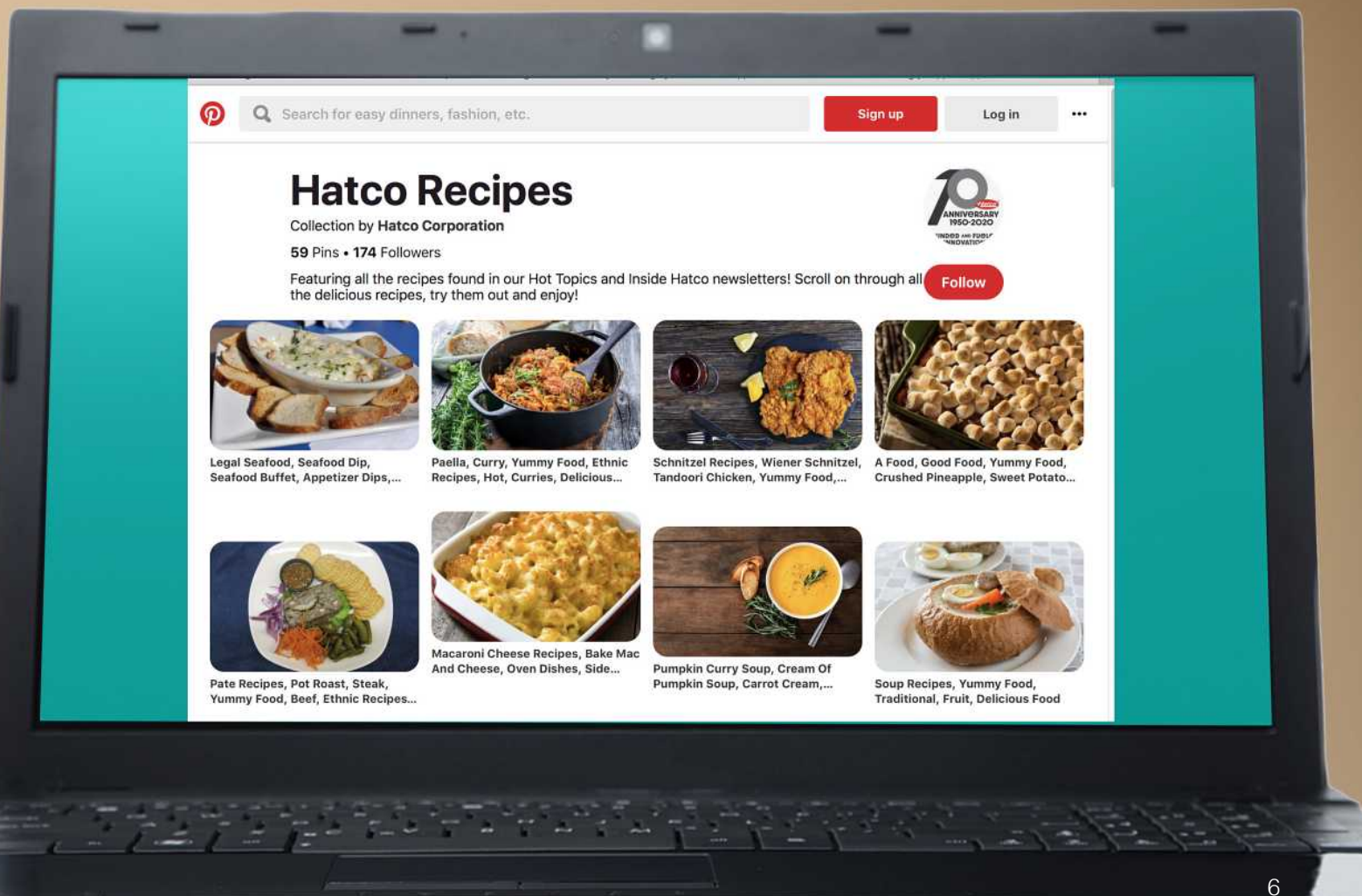
- **Inspection, packaging, and labeling.** Key to customer satisfaction is the receipt of the correct order, packaged for both freshness and security. Depending on the source and contents, government regulation might require labeling with regard to nutritional information, much as QSR’s now post that information in their restaurants. Such systems can be adapted from those in use by consumer frozen food processors.

Utilizing the experience base, protocols, and devices already developed and proven in other businesses can and will deliver not only greater efficiencies but a better end product and increased customer satisfaction. ■

Due to the current situation, we are unable to provide a restaurant profile and recipe.

We invite you to access our extensive archive of recipes from past **Hot Topics issues for your use at home.**

Visit us at www.pinterest.com/hatcocorp/hatco-recipes/



Add *International Flair* to your menus with **Hatco® / Krampouz® Crepe Makers!!**

Designed for use in commercial kitchens or display cooking locations, **Hatco®/Krampouz® Crepe Makers** produce excellent, consistent quality crepes from a variety of different batters. The heavy-duty, machined cast iron surface provides exceptional heat distribution for even, fast cooking. Available in both electric and gas versions, they're an excellent way to enhance the versatility of your offerings, for breakfast, lunch or dinner! (A copy of the award winning culinary guide, "The Art of Crêpes," is offered as an accessory.)

Features include:

- Stainless steel frame and cast-iron griddle for quality and durability.
- Single or double griddle crepe makers with a round or rectangular frame.
- Griddle diameters of 15.75" (400mm).
- Spreader and spatula included.
- Other accessories available.



KCMG-1RCT



On gas models:

- Exclusive large diameter 8-branch burners with a temperature range up to 570°F (300°C).
- Insulation system prevents heat loss.
- Heat-activated safety thermocouple cuts off gas if burner flame goes out.

KCME-2RCT



On electric models:

- Adjustable temperature control of 120°-570° F (50°-300°C).
- 120V model can be used for up to five hours continuously. Heavy-duty models are powerful for a full day of use.
- Coiled and insulated heating elements create superior heat distribution.

KCME-1RCT



KCME-1RND 120V

Discover how **Hatco/Krampouz Crepe Makers** can add new flavors, new life, and more profits! Due to the current health crisis, production has been suspended but will resume as soon as possible. Contact your Hatco representative for availability or visit our website at www.hatcocorp.com for more details. ■