

CASE STUDY · STRATEGY

From Dine-In to Cloud Kitchen: A Restaurant Chain's Pivot

How a family restaurant group redesigned its model for delivery

ORGANISATION

Swaad Family Restaurants
(fictional)

SECTOR

Food service

PREPARED BY

Case writer: Your Name

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1. At a Glance

Organisation	Swaad Family Restaurants (fictional)
Sector	Food service
Location	Lucknow
Challenge	Falling dine-in footfall and high rents
Solution	Two cloud kitchens, delivery-first menu and brand portfolio
Timeframe	10 months

48%

–30%

3

Revenue from delivery (sample)

Rent as share of revenue

Virtual brands

Organisation and outcomes are illustrative; figures are sample data for teaching and templating purposes.

2. Background

Swaad operated four dine-in restaurants serving North Indian food. Rents and staff costs were rising while weekday footfall was declining.

Delivery orders were growing but were fulfilled from dine-in kitchens, causing delays during peak hours.

3. The Challenge

The owners needed to decide whether and how to restructure the business around delivery.

- High rents in prime locations
- Delivery delays during dine-in peaks
- Menu not designed for delivery
- Thin margins after platform commissions

Our kitchens were built for plates, not packages.

— Managing Partner (fictional)

4. Objectives

1. Increase delivery revenue profitably.
2. Reduce fixed costs.
3. Protect the quality of food on delivery.

5. Approach

The group tested delivery-first operations before closing any outlet.

Phase 1: Analyse

Studied order data, delivery times and margins by dish.

- Menu engineering
- Margin analysis
- Delivery heat-map

Phase 2: Build cloud kitchens

Opened two delivery-only kitchens in lower-rent areas close to demand clusters.

- Site selection
- Kitchen layout for packaging
- Staff training

Phase 3: Brand portfolio

Launched three virtual brands from the same kitchens: biryani, rolls and healthy bowls.

- Virtual brands
- Packaging redesign
- Own ordering channel

Implementation Timeline

Period	Milestone	Notes
Month 1–2	Data analysis	Menu and margins
Month 3–5	First cloud kitchen	Pilot
Month 6–8	Second kitchen and brands	Scale-up
Month 9–10	Close one dine-in outlet	Consolidation

6. Results

The group became less dependent on expensive dine-in space and improved delivery performance.

Metric	Before	After
Delivery share of revenue	22%	48%
Average delivery time (min)	46	31
Rent as share of revenue	16%	11%
Food rating on delivery	3.9	4.3

Exhibit 1: Key metrics before and after (sample data)

Chart placeholder — insert a before/after chart

Exhibit 2: Trend over the implementation period (sample data)

7. Lessons Learned

Design for delivery. Packaging and menu changes mattered as much as location.

Use data to choose sites. Demand clusters guided kitchen locations.

Brands multiply reach. Virtual brands used the same kitchen capacity.

8. Analysis

What worked

- Menu engineering
- Kitchen location

What was difficult

- Platform commissions
- Brand dilution risk

Opportunities

- Own website orders
- Corporate lunch boxes

Risks to sustain

- Platform dependence
- Competition from new kitchens

9. Discussion Questions

Use these questions for classroom discussion or self-study.

4. What factors made the pivot necessary?
5. Should the group close all dine-in outlets? Why or why not?
6. How can it reduce dependence on delivery platforms?
7. What risks do virtual brands create?

10. Teaching Note

The case supports discussion of business model change, unit economics and platform strategy.

11. Appendix: Additional Exhibits

Item	Dine-in kitchen	Cloud kitchen
Average order value	420	400
Food cost	150	140
Packaging	25	30
Commission	105	100
Contribution	140	130

Exhibit 3: Unit economics per order (₹) (sample data)

12. Conclusion

The pivot shows how traditional restaurants can adapt by redesigning operations around new customer behaviour.