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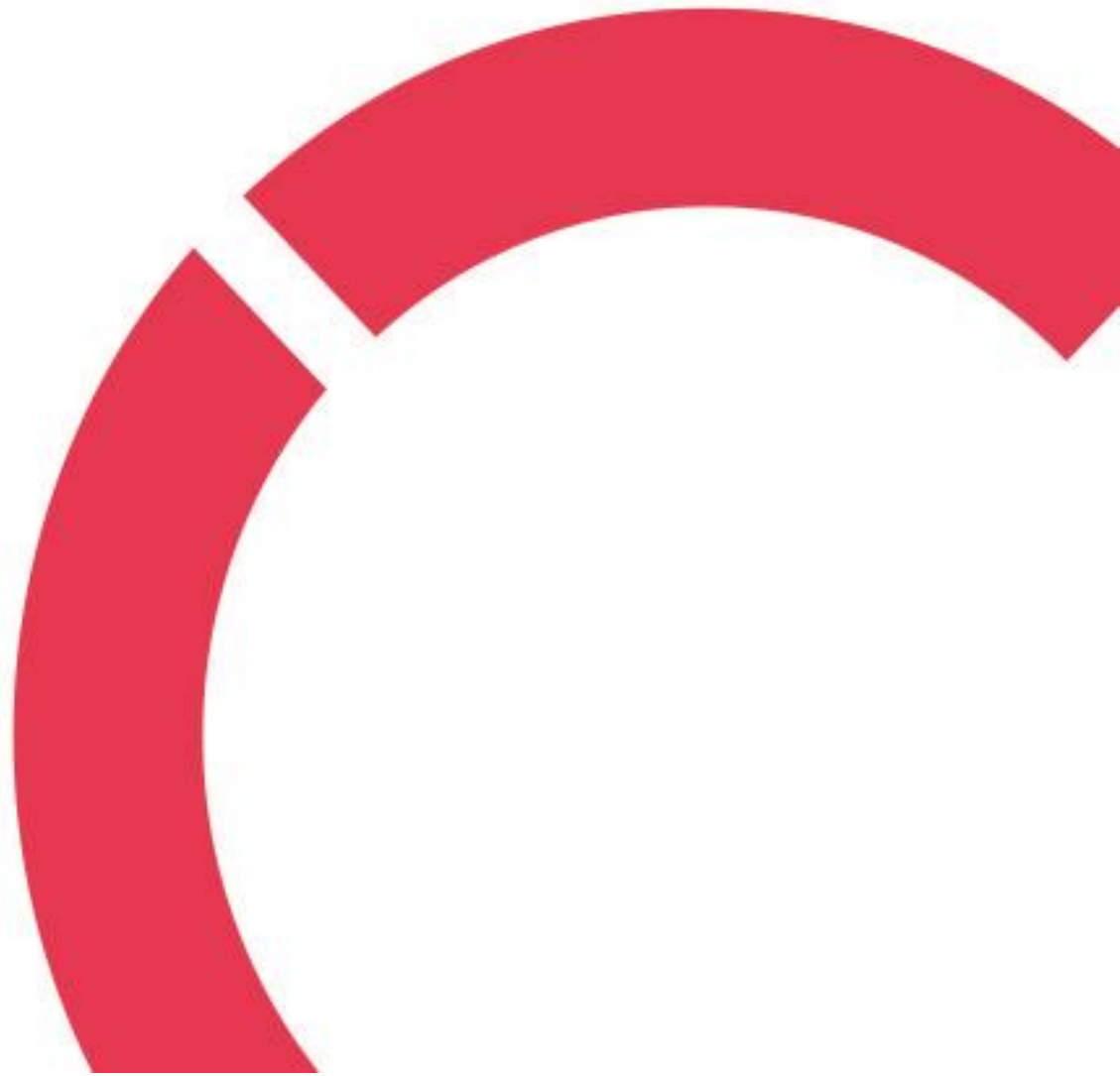
CLOUD KITCHEN POTENTIALITY IN BANGLADESH

Thesis

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ABSTRACT

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<p>Bangladesh has more than 160 million people to feed. So, the potential of a cloud kitchen business is massive. The pandemic has made this country discover that even without any dine-in service a food business can be run successfully. Cloud kitchens, also known as virtual restaurants, dark kitchens, ghost kitchens, and restaurant-as-a-service, are created specifically for online ordering and delivery. No high-end location and decorum is needed.</p> <p>This thesis identified the current market of food business in Bangladesh, the potentiality of cloud-based business, customer preferences, points of view about cloud kitchens, and customers' buying behaviour. Cloud kitchen history, cloud kitchen business in Bangladesh, benefits, dissimilarity of traditional and cloud-based restaurants, and finally a business plan for cloud kitchen were discussed in the theoretical part along with previous researcher's theory. A quantitative online survey was analysed with a sample of 30 people from Bangladesh.</p> <p>The result shows that the age group 20 to 40 is willing to order from Cloud-based businesses as it is convenient and time-saving. Most consumers are getting used to being comfortable at home with their most delicious favourite meal something that cannot be compromised as it created a different sector of low-maintenance cloud kitchen business for many. It is recommended to create more awareness about the cloud kitchen business. The fundamental is to find a suitable marketing strategy and adapt to the market trends. A differentiable marketing strategy can be eco-friendly packaging and an alluring menu.</p>		
Key words Bangladesh, Business Plan, Customer Preferences, Cloud Kitchen, Delivery Only, Food Business, Low Maintenance, Non-negotiable, Potential, Profitably		

**ABSTRACT
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1 INTRODUCTION

Bangladesh has always been considered a booming economy for business. The reasons are very fundamental yet significant. The enormous growth of population, rate of hourly wage, economic conditions, and scopes have made Bangladesh an ideal place to start any business. Bangladesh has the capability to be the 28th largest economy within 2030 from 31st in 2016, according to PricewaterhouseCoopers. (Chowdhury, 2017).

In the past few years, it was just a dream that this developing Asian country called Bangladesh and its people would buy anything online. Nonetheless, during the pandemic, they have adapted to the modern lifestyle and have accepted the future market like no other. Surprisingly many businesses grew and ended in a short span of life. But it cannot be unnoticed that the food business is skyrocketing. In the place of dine-in people order food online. And as the opportunity shows cloud kitchen surely made its way through it. (Mehnaz & Baskar, 2021, 17325).

Cloud kitchens, also known as ghost or virtual kitchens, are a relatively new addition to the food and beverage industry, which is expanding quickly. The idea of cloud kitchens, which is based on the paradigm of no dine-in and takeaway services, has experienced tremendous growth and success in recent years, with an astounding predicted market size of USD 1.05 billion by 2023. The industry's recent 150% growth rate in meal delivery is another factor supporting these projections. Cloud kitchens operate on an internet-based delivery system, bringing the brand to the customers instead of the people going to the brand, unlike typical restaurants with a brick-and-mortar shop setup. (Cloud Kitchen: The Next Big Thing in Future, 2020).

Going through all these articles and journals the author has decided to open a cloud kitchen in the home country after completing graduation. So, the author thought of choosing this topic for the thesis. This will help the author to know thoroughly about the current market. It will clearly the vision for further plans. This will be a great help for the author and the fellows who would like to open a cloud kitchen.

The main purpose of this thesis is to undertake a thorough analysis of the possibilities and prospects of cloud kitchens in Bangladesh, a market for food that is quickly developing. This study attempts to offer a thorough knowledge of the viability and practicality of cloud kitchens as a business model within the local environment by diving into the unique economic, social, and cultural aspects of Bangladesh.

The thesis looks at urbanization, shifting lifestyles, rising disposable incomes, and changing customer tastes in order to pinpoint the precise target markets and narrow niche groups that cloud kitchens can successfully serve. This thesis looks at the technological developments, operational efficacy, and cost-effectiveness that cloud kitchens offer in an effort to present insightful information about how they can change Bangladesh's food business.

In addition to adding to the body of knowledge already available on cloud kitchens, the study's conclusions and recommendations will also directly address Bangladesh's particular market conditions and distinctive traits. The findings of this study can be used by business owners, financiers, and regulators to make educated choices about the creation and support of cloud kitchens, promoting innovation, entrepreneurship, and economic expansion in the nation's food service industry. This project aims to contribute to a comprehensive understanding of cloud kitchen potentiality, paving the way for a new age in the Bangladeshi food sector.

The fundamental result of this thesis is that it can offer a thorough evaluation of the viability of cloud kitchens in Bangladesh, taking into account elements like market demand, customer behavior, legal frameworks, and infrastructure needs. The results can illuminate the feasibility and potential difficulties of setting up and running cloud kitchens throughout the nation. This thesis can offer important insights into the changing demands and expectations of customers by examining consumer preferences, dining patterns, and the variables influencing food choices in Bangladesh. This knowledge can help cloud kitchens design their menus, brand identities, and marketing plans so they can successfully serve the regional market. This thesis can provide businesses wishing to set up and run cloud kitchens in Bangladesh with useful instructions and advice. Specifically for cloud kitchen operations, this could involve knowledge of operational strategies, supply chain management, technology adoption, quality control standards, and customer engagement techniques. The possible social and economic effects of cloud kitchens in Bangladesh might be investigated by this study.

2 THEORETICAL FRAMEWORK

This chapter will contain theories related to the thesis. The main target here is to give the reader a more precise portrayal of the entire concept of the cloud kitchen, its history, benefits, dissimilarities of traditional restaurants and cloud kitchen, and lastly essentials of the cloud kitchen business plan. The business will help the reader to understand before starting a cloud kitchen what they should think and what things need essential is a part that to be included while doing a stretch plan for their business.

2.1 Cloud kitchen

Unlike regular restaurants, a cloud kitchen delivers food without having a physical location where clients can eat. Customers can place orders by calling, using websites, or using mobile apps. Thus, cloud kitchen can be thought of as a virtual kitchen. With the cloud kitchen structure, it is possible to prepare a variety of dishes in one space. The same kitchen facility can also be used by multi-brand cloud kitchens to operate various brands. Cloud Kitchens do not need a lot of areas; therefore, they may be constructed anywhere. Customers can order food using a mobile app, website, or phone call, and it will be delivered to them within the allotted time by either the restaurant's own delivery service or a third party. LONDON — UBS assumes that the online food delivery market could grow by 10 times in the next 12 years as meal kits and takeout apps like UberEATS and Deliveroo become more ubiquitous. This statistically means it will be a market of potentiality from \$35 billion globally today to \$365 billion by 2030. (UBS Stocks That Will Win and Lose from the Growth of Online Food Delivery, 2018).

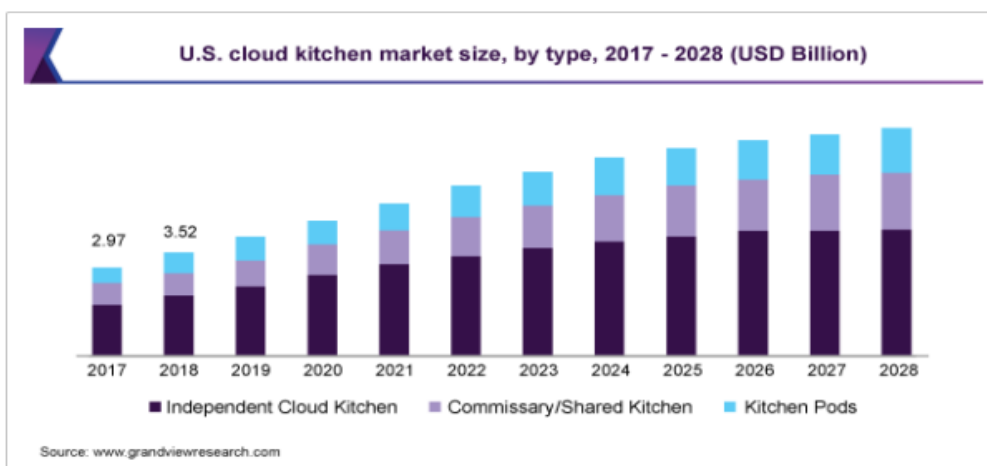


Figure 01: Adapted from (*Cloud Kitchen Market Share Analysis Report, 2021-2028, 2021*)

The figure has showed the cloud kitchen market share over the years from 2017 to 2026. This bar chart has grown drastically over the year as per the researcher's analysis. People who are interested in cloud kitchen business can chose the independent cloud kitchen model as per the report it has more potentiality than commissary/shared kitchen and kitchen pods. (Cloud Kitchen Market Share Analysis Report, 2021-2028, 2021)

Numerous restaurants were consequently compelled to halt operations. Due to their ease of setup and growing popularity at the time, food delivery trucks. Renting a food truck was also quite simple and affordable. These food trucks are affordable and have many serving options. Additionally, these food trucks helped popularize the idea of on-demand meal delivery, in which customers' phone or text orders were filled via the gig economy. Key characteristics of cloud kitchens: Absence of a storefront, focusing on delivering meals through platforms for food delivery, operating several brands from a single kitchen, reduced costs for overhead. (Patawari et al., 2022, 54).

2.2 History of Cloud Kitchen

The cloud kitchen idea is not as new as it may seem. For decades, pizza delivery services have operated using comparable business strategies. More specifically, since the 1950s, there has been a pizza delivery system. The current cloud kitchen model has been in use since the start of the previous decade. India's largest cloud kitchen chain, Rebel Foods, on the subcontinent is where it all began. In the years following the 2008 financial crisis, the concept of cloud kitchen first came to be. After the recession, pricey high-end restaurants were unable to continue operating as usual. In the meantime, the cost of renting space has skyrocketed in cities like New York. Owners must also keep up with several safety regulation certificates, which adds to the cost of running a restaurant in addition to the rent for the facility. It has a higher overhead cost for the restaurant because it can be extremely expensive to maintain. When the economy deteriorated, so did the number of patrons at upscale, pricey restaurants. (Nedumaran & Ritha, 2023, 257).

Many restaurants were consequently compelled to temporarily suspend operations. Particularly because of their ease of setup food delivery trucks had growing popularity at the time. Renting a food truck was also quite simple and affordable. These food trucks are affordable and have many serving options. In addition, these food trucks contributed to promoting the idea of on-demand meal delivery, in which customers' phone or text orders were filled via the gig economy. The idea of a food truck was

adapted and gradually adopted the form of a mobile kitchen as the golden age of smartphone apps began in 2010. Restaurants no longer rent enormous spaces; instead, they simply need the area required for the kitchen. They also accepted orders via social media platforms like Facebook and Twitter. In 2011, Rebel Foods launched and using Twitter they started a new innovative marketing. Their brand Fassos in India, used Twitter to take orders order from their customers. Then, following the foot step of Rebel Foods, online or app-based cloud kitchens began to be established in different nations across the world. (Patawari et al., 2022, 56).

2.3 Cloud Kitchen Business in Bangladesh

It was unusual to see how the cloud kitchen industry started in Bangladesh. The first competitors in the sector were makers of homemade cuisine. The rising popularity of online meal review groups in social media groups piqued their curiosity in starting similar businesses. These review groups gave the independent cloud kitchens their initial boost of popularity. To promote such handmade cuisine, a variety of other homemade foodstuffs delivery services, such as Cookups, have been established. Several online meal delivery firms, such as Foodpanda, have also introduced their own homemade food delivery choices. At one point, these kitchens offered catering services in addition to home-cooked cuisine. Bangladeshi offices choose independent cloud kitchens for food catering services. (Khan et al., 2022, 46-52.)

The official cloud kitchen in the nation was launched in 2019 by food-tech firm Kludio. The first Full-stacked cloud kitchen in the nation, Kludio has already introduced four distinct brands. Dough on the Go, Hero Burger, Frybox, and Deshio are the brands. The firm is concentrating on better storage systems, usage of artificial intelligence technologies for temperature regulation, as well as a quicker delivery, in addition to providing food quality. Ghost Kitchens, an Indian provider of cloud kitchens, has also partnered with Kludio in a joint venture to lower various operational expenses by sharing infrastructure and knowledge. (Khan et al., 2022) According to a report, Kludio has raised a total of \$680K in funding over 3 rounds. Their latest funding was raised on Aug 8, 2021, from a Seed round. (Kludio - Funding, Financials, Valuation & Investors, 2021).

2.4 Cloud Kitchen Models

For a better understanding, it is necessary to know how a cloud kitchen works. Mainly it is categorized into six different models, which are discussed in here.

The Independent Kitchen concept, referred to as the original cloud kitchen model, essentially runs one brand in one kitchen and lacks a storefront. The kitchen is only used for Back of the House (BOH) tasks, keeping its size between 500 and 600 square feet. These kitchens can be used anywhere, including from home, because they are run by a single food brand. With the growing popularity of online ordering and delivery, the Independent cloud kitchen business model has flourished. Customers can place orders through a hotline number for ordering through such cloud kitchens, a social media-based online ordering system, or a straightforward website. In Bangladesh, most kitchens that are Facebook groups or pages mostly function as Independent Cloud Kitchens. (Nedumaran & Ritha, 2023, 57).

The multi-brand cloud kitchen approach allows for the operation of multiple cuisines or brands from a single kitchen. These kitchen models have numerous outlets instead of a storefront. The multi-brand kitchen concept is primarily data-driven, with operations based on studies of client demographics, local food supply, and demand dynamics, and trends in popular cuisine. (Nedumaran & Ritha, 2023, 57) As a result, these kitchen designs have a chance to take off soon, and their strategic placement is solid. In accordance with this concept, Faaso began managing Rebel Foods as the name of its on-demand food service business in 2011. (Patawari et al., 2022, 56).

Hybrid cloud kitchen runs its business from a single kitchen to a single cuisine brand via several outlets and a physical location. The kitchens in this model benefit from all the features of a cloud kitchen as well as the practicality of having a storefront and going to takeout restaurants. (Nedumaran & Ritha, 2023, 57) But in this instance, the hybrid cloud kitchen is a little bit bigger than the standard cloud kitchen. The hybrid kitchen design is used by the food technology start-up "Fresh Menu" in India. (Patawari et al., 2022, 57).

The Cloud cooking's shell concept is mainly a cooking area with only the barest amount of plumbing, drainage, and ventilation. This kind of cooking area is rented by well-known food businesses or food distributors. (Nedumaran & Ritha, 2023) This is the model used by Swiggy, the largest online food ordering and delivery service in India. (Patawari et al., 2022, 58).

Fully Stacked Cloud Kitchens function similarly to the Shell cloud kitchen model; the only distinction between the two is that the Fully Stacked Cloud Kitchens contain a storefront. There is a huge kitchen with a little space for rent and cooperation with several businesses, like the Shell model. (Nedumaran & Ritha, 2023) An Indian startup called Zomato follows this model. (Patawari et al., 2022, 58).

A third-party provider manages both the cooking and delivery in a fully outsourced arrangement. In this instance, a call center is used for order administration. Food that has been prepared at several locations is transported to the main kitchen for a last touch before being served to the diner. This type of cloud kitchen approach is used by the Dubai-based Kitopi, which handles inventory management and food storage. After the food is prepared, it is transferred to Central Kitchen. After that, Central Kitchen delivers food to the consumer. (Patawari et al., 2022, 57).

2.5 Traditional restaurant versus cloud kitchen

The primary distinction between a regular restaurant and a cloud restaurant is that the former often has a real storefront and offers dine-in service, while the latter solely offers delivery services online and does not have a physical eating room. A cloud kitchen's dynamics are drastically altered by the absence of a storefront. The managing team will need to put a stronger emphasis on areas like delivery and marketing. (Patawari et al., 2022, 62). The following are some significant dissimilarities between the two categories of food businesses.

From the physical point of view, a cloud kitchen lacks a dining space, and a traditional restaurant has comprehensive front and back-of-the-house capabilities. A classic restaurant should logically have a larger building to accommodate a dining area and even parking for patrons. And a cloud kitchen will need room for preparing the order, which just requires an average of 600–700 sq. ft. of interaction with customers. Most cloud restaurants rely on online ordering and delivery services, which provide little opportunity for patron engagement. On the other hand, traditional restaurants can draw patrons through on-site interactions, particularly in areas with heavy foot traffic. (Patawari et al., 2022, 62). Restaurants in the cloud frequently rely on online ordering and delivery services, which provide little opportunity for patron interaction. Contrarily, traditional restaurants can draw patrons through in-person encounters, particularly in areas with heavy foot traffic. (Choudhary, 2019, 185-186.)

Traditional restaurants have more costs for a physical site, furnishings, personnel, and other storefront maintenance costs. The most notable benefit of cloud kitchens is- instead of having physical storefronts, cloud restaurants offer lower overhead costs, which means fewer servers are needed for front-of-house operations. Traditional restaurants often offer a wider selection of alternatives for dine-in, takeout, and delivery on their menus. Cloud eateries, in contrast, offer prepared meals that can be delivered. (Sherkar et al., 2021, 238).

While cloud restaurants can only conduct business online and rely on delivery services for revenue, traditional restaurants can use a combination of dine-in, takeout, and delivery services. Traditional restaurants can employ both online and in-store marketing methods, cloud kitchens typically focus on social media and other online promotions for marketing. (Sherkar et al., 2021, 238).

Cloud kitchens are expected to generate profit margins of at least 15% to 20% without the additional overhead costs associated with a dining area. Traditional eateries, on the other hand, often earn profit margins of 3-5% on average. (Patawari et al., 2022, 62).

For a cloud kitchen, the rules and requirements for food safety are mainly concerned with back-of-the-house activities. In comparison to a conventional restaurant, cloud kitchens will require a great deal less supervision of hygiene checks for dining areas. (Sherkar et al., 2021, 237).

2.6 Benefits of Cloud Kitchen

There are several aspects to consider when managing a restaurant business. Comparing cloud kitchen business concepts with regular restaurants has several advantages. Some notable advantages to think about are discussed next. One of the biggest advantages of running a cloud kitchen is more affordable operating expenses. Owners of restaurants can save money on rent, utilities, and other costs by operating without the requirement for a physical storefront. Additionally, businesses can cut costs on furnishings and decoration as a virtual restaurant does not need them. A cloud kitchen has an easy way to change the menu which increases its versatility. They can just change the menu using minimum efforts and time on their website or aggregator app. It is just a click away. With this strategy, business owners may experiment with various menu options, change up their brands, and make quick adjustments to their operations. In contrast, it can be costly and time-consuming to make changes in the conventional restaurant business model. By utilizing delivery applications, restaurants that use the cloud kitchen

business model can expand the market range they serve outside their immediate neighbourhood. It is so convenient and gives an extra advantage to the cloud kitchen owner. (Fernandes, 2021, 353).

With a traditional physical shop's restaurant, it is impossible to serve the customer base from all around the city. Cloud kitchens may improve their efficiency and give consumers a smoother meal delivery experience. In contrast, operations in traditional restaurants can be challenging due to the requirement to strike a balance between dine-in service and other elements. Unlike traditional restaurants, cloud kitchens do not need a commercial kitchen. This might result in significant rent, utility, equipment, and supply cost savings for restaurant owners. Because a cloud kitchen runs more efficiently, restaurant operators can cut labour costs because they need fewer employees. Furthermore, the usage of delivery applications replaces the necessity for waiters and other in-house labour. In a physical restaurant the owner needs to spend a great deal of time and energy maintaining, where owners of cloud kitchens can devote more time to experimenting with new recipes and flavours and coming up with original products that will appeal to their consumers. This enables businesses to remain competitive and differentiate themselves from other restaurants in the neighbourhood. (Sherkar et al., 2021, 62).

In the end, cloud kitchens offer owners of restaurants a cutting-edge way of managing their operations that is more cost-effective and effective than traditional approaches. Cloud kitchens are an ideal way to minimize costs and enhance profits since they have more flexibility, a bigger audience, and more time for creativity. They also have reduced administrative costs. Restaurant owners can maximize the advantages of this business model by utilizing delivery applications and concentrating solely on the delivery of food. (Mehnaz & Baskar, 2021, 17326).

2.7 Cloud Based Business Plan

To run any successful business an insightful and well-planned business plan is a must. Starting a business seems easy with adequate investment or backup by funds or self-sufficiency, however when the actual reality strikes many appear to shut down the business within a few months. A business plan is a written record of the main objective which does not consist of only where, when, or why what might happen but also the ambition of future achievement. But the main purpose remains to attain the outcome. (O'Hara, January 2, 1995). An organized business plan is like a financial and managerial blueprint of the business. This is a process that is essential for the feasibility of the business which helps to

determine where this business is going to reach the break-even point and generate profit. (Barrow et al., 2021).

Various key components together help an entrepreneur establish his/her business with a suitable implementation roadmap. Here, the discussion will not be in-depth rather the general overview of establishing a cloud kitchen will be discussed.

2.7.1 Executive Summary

The very first step of scheming for any business is the Executive Summary. It includes all the unrestricted information of the company which includes the details of the CEO, the mission, vision, why the company is established, what would be the product or service, and last but not the least why the company is exceptional from all other existing companies of the market. An executive summary is mostly important for a start-up to raise funds as going through this the investors can easily understand the purpose the company will fulfil. So, an executive summary should be like a pitch to the audience and should be made short and easy to understand to all the general people as well. (Parsons, 2023).

Although it may appear to be the initial phase of the enterprise, it entails the comprehensive projection of financial aspects and long-term vision for a duration of 5 to 10 years. So, it is recommended to write executive summary as the last of all other essential parts like financial break even, the big idea, importance, and strength of the company. All need to be determined first before writing the executive summary as it summarizes all the high and low pitches in one harmony. (Parsons, 2023).

2.7.2 Market Analysis

Knowing the market where the business will start is the core of understanding what to do and how to do it. To stretch financial stability by knowing the current and future scenario is the foremost duty of the entrepreneur. Market Analysis is segmented into three different categories. In order to identify the target market, it is necessary to conduct an industry analysis and it also helps to make the investor comprehend why this target market is set. While analysing the competitor helps to find out what the

company should do to differentiate to stand out in the market. And finally, the Market Analysis ensures the investors that this company can make a difference in the current market and can secure its position. (Alnasur, 2023).

Now what needs to be done is to find out a suitable location to run the business. Whereas traditional restaurants have grand locations where the parking lot space is important; in a cloud kitchen the location does not impact that much. Proper cleanliness and affordable water supply are of utmost importance in this situation, along with demographic aspects like the possible customers and the food selection suited to the consumer's appetite. For instance, if a businessperson wants to launch a cloud kitchen in Dhaka, he or she should preferably think about places like Gulshan, Banani, Dhanmondi, and Bashundhara R/A, where the quantity of online orders appears to be significantly higher than in other areas. (Chowdhury, 2022).

2.7.3 Menu

In any cloud kitchen business's success, menu design plays a key role. One of the reasons behind this is that without an ambience the main factor of attracting customers shift to a classified menu. In short a well-thought-out menu may increase sales, draw in consumers, and set the company apart from the competition. So, a well-organized menu plays an unreplaceable role in cloud kitchen business. A poorly constructed menu, on the other hand, can mislead clients, harm the business's reputation and lead to business failure. A could kitchen without a food menu will not make an impact in the market. (Mishra, 2021).

The food menu has to be very polished and there are many costs that are reduced in cloud kitchen. So, the price should be striking the market. An established R&D guideline is needed so that it reflects the perfect food every single time. And the guideline should be manually printed like a one-pager guide. So, that even if a chef forgets anything they can easily recall this by going through the pager. (Mishra, 2021). In the research part of this thesis a survey has been done to understand what kind of menu is popular among the Bangladeshi who frequently order food online.

2.7.4 License

Every nation has some rules and regulation for each business. Each of these regulations changes accordingly, and is separated by industry, business type and location. There are some must-have licenses for food business as well. And acquiring the required licenses to run a food business is essential. The company CEO must think of getting the right licenses if he/she wants to run a legal and hassle-free business. (Patel, 2020).

If the company owner wants to establish a private limited company to run the cloud kitchen business, the first step should be to obtain a Name Clearance for the organization, draft the Memorandum of Association and Articles of Association, and register the business with the RJSC (The Registrar of Joint Stock Companies & Firms). Then a trade license, TIN, and VAT certification will need to be obtained. (Nedumaran & Ritha, 2023, P- 258) Also, they are required to have a Fire License and Certification to operate a cloud kitchen, specifically. Hiring a professional will be a beneficial choice because doing this personally might take a lot of time. Before beginning operations, make sure to print all necessary documents and shares with the Bangladesh Food Safety Authority's recommendations. (Chowdhury, 2022).

2.7.5 Segmentation

Business approaches that place the client and their pleasure at the center of everything are known as marketing principles. A good company plan requires a marketing strategy, which is mandatory. An efficient market strategy must include market segmentation. A company cannot please every single customer. Rarely does a product please everybody who purchases it. Everyone has a distinct taste. The phrase "market segmentation" is being used in business for this specific reason. In to determine a marketing strategy, it is defined as "the identification of individuals or organizations with similar characteristics. (Jobber & Fahy, 2019). To achieve the best possible outcome, market managers focus on the sector that is the most lucrative among all other segments. Consequently, it is a customer-focused strategy. The development of goods or services for the target markets is a requirement of the strategy. (Jobber & Fahy, 2019). Since there are no actual shops in a cloud kitchen business, online marketing is fundamental. One must give all to ensure the success of digital marketing and advertising. At the early stages of this company as marketing and branding are more necessary accordingly additional funding or investments are needed. Register the company on websites that list and rate restaurants as well. The

company should encourage regular customers to share good ratings. Promote business on social media platforms like Facebook, Instagram, etc. (Sanny et al., 2022).

Entrepreneurs can better understand consumer wants by segmenting their markets. Marketers can more precisely tailor their corporate initiatives to the preferences and indifference of each unique customer. Marketers can meet or even surpass their customer's expectations through the segmentation process. By looking for business possibilities and analyzing the advantages and disadvantages of the competition, they can close the gap. To have a better perspective and make better plans, marketers need segmentation. They can have a systemic approach to their business objective in this way. They are better able to manage market resources and create a business plan that is well-balanced. For instance, since focused advertising and promotional efforts may be made to reach a certain consumer group, business communication between customers and marketers can be well-organized. (Jobber & Fahy, 2019).

2.7.6 Cost Considerations

A business plan's financial section will contain key information regarding its estimated costs, sales, profits, and losses. The financial prediction section used to include one-, three-, and ten-year projections that were founded on educated guesses (i.e., assumptions). Several pages filled with expenses were considered, frequently including unimportant details. These had little practical use because, along with the business environment's increasing unpredictability with the financial estimates. Even though the numbers themselves are meaningless in today's business world, creating well-thought-out financial forecasts is still a useful exercise for entrepreneurs. (Gumpert, 2002).

Depending on the cuisine a cloud kitchen will serve, the cost of putting up the kitchen may vary. Consider opening a cloud kitchen that will provide foods like sandwiches, pizza, spaghetti, and burgers for little more than BDT. 10 Lacs. (Patawari et al., 2022, 59); (Chowdhury, 2022).

2.7.7 Online Order Generation

Finding a suitable online order is another important step that needs to be done thoroughly. It can be building a website or food app and delivering food to the consumer directly. It is suggested to make

the website as user-friendly as possible. To make it professional, going through an international website can help and must hire a professional. The business owner must be clear about the website's surface and guide the website builder according to the owner's preference. (Chowdhury, 2022).

Another effortless option can be joining existing services that have already established food delivery apps for instance HungryNaki, Pathao, Munchies, or Foodpanda (Popular in Bangladesh). This easy-going option comes with a price which is the commission percentage as they charge a 20% to 30 % commission per order. It may vary from brand to brand. Mainly it depends on the agreement they have with every company. Though the negation power is not in the business owner's hand but it is recommended to bargain and make a good deal out of it. (Chowdhury, 2022).

2.8 Cloud Kitchen: A Profitable Venture

This study evaluates whether operating a cloud kitchen is more profitable than operating a conventional restaurant when both ventures are pursued with the same amount of ambition. With its many advantages over a typical restaurant setup, a cloud kitchen has often proven to be a more profitable decision. Cloud kitchens are simply another option for customers to order food; they are not intended to take the place of restaurants. Restaurants are only visited by those who desire to have enjoyable conversations with friends, coworkers, and family members. On the contrary, cloud kitchens are accessible to customers who want to party and enjoy themselves at home. Each of these venues is distinct from the other, and none of them is meant to take the place of another. With aggregators as their immediate rivals, new competitors are growing the market as a whole. Even more affordable traditional dining restaurants may eventually adopt new standards and procedures, it would appear. Due to its improved efficiency in terms of client reach, costs, time, ease, and control operations, a cloud kitchen appears to be a feasible option. The researchers also show the market growth over the years which has increased by 12% from 2018 to 2023. (Beniwal & Mathur, 2021).

2.9 A Research on Cloud Kitchen Prerequisites and Branding Strategies

This study's objective is to examine the demand for and specifications for cloud kitchens. Secondly, it focuses on the marketing approach that a cloud kitchen must implement. And the writer found that the

fundamental of finding a right marketing strategy is related to pursuing more and more customers. Also, in the writer's data the results show that low price, customer reviews, and a variety of food choices take the cloud kitchen ahead of the market of potentiality more than a traditional restaurant. Which means comparing to the traditional restaurants the cloud kitchen has a number of advantages that helps to attract the customers. (Moyeenudin et al., 2020).

ANOVA results show that in comparison with different restaurants a cloud kitchen has a mixture of foods to choose from. It is one of the core reasons that customer prefer to order food online observing reviews of other consumers. And in the writer's density graph it is visible that online reviews have an impact on customers buying behavior which create a great opportunity for cloud kitchens. (Moyeenudin et al., 2020).

3 RESEARCH METHOD AND RESULTS

In quantitative research, quantifiable data are systematically gathered by a researcher using statistical and mathematical techniques. It is frequently utilized in many academic fields, including the humanities, social sciences, and the natural sciences in general. Through the use of numerical and analytical techniques, quantitative research aims to concentrate on its study objectives. (Zikmund et al., March 12, 2012).

Surveys are a typical quantitative tool used to gather data from a variety of areas. They are an effective option if one wants to discover more about the characteristics, interests, perspectives, or views of a particular group of people. Surveys are frequently employed in social, business, health, political, and psychological research. Before conducting any survey, a clear concept of the research question is the first step that is needed. Based on the questionnaire participants are chosen. Data can be collected by interviewing respondents in person or sending emails or using social media groups or field questions. Among these using social media groups is very useful and the collector has control over the region. In-person interviews are less effective because in many cases sometimes peoples are in a hurry or feel ashamed to share pieces of information. (McCombes, 2019).

Here, quantitative research has been surveyed by collecting responses using a Google form. The questions were prepared in English and the audience was Bangladeshi students (undergraduates, graduates), and job holders (part time, full time) from social media (Facebook) food groups. The audience has been selected by the age group of under 20 to above 40. The reason for choosing this age group is this is the target audience who frequently order online food. Later in this chapter the collection of samples will be analysed and discussed.

3.1 Data Analysis

A total number of 30 people have participated in the survey. There were 10 questions in English, and it was conducted using Google Forms where the primary location was Bangladesh. It took 15 to 20 days to collect all the survey data. The results from the participants are discussed below using percentages.

Question 1 was about the participant's age group. To see which group of people are more prone to order online the researcher wanted to find out the age group that should be kept in mind while creating the business plan. Here the results show that 83.3% of the respondents were from the age group of 20-30. Only 6.7% of them belong to those under the 20-age group and the ratio of the 30-40 age group individuals is 10%.

Question 2 was added to know which gender is dominant among the participants. And this shows that the percentage of female participants is lower than males. The result says the male respondents are 83.3 % whereas females are 16.7%. The reason for asking this question is to find out which type of marketing the author should do to engage with the customers and keep them interested.

Question 3 was asked to analyse the frequency of their online food order. It shows that the majority (44.8%) of them order food online once or twice a week, and 10.3% of them are dependent on online food order more than 5 days a week. 27.6% of them order food online several times in a month and 17.3% choose to order online food 2 to 3 times a week. This result helps the author to figure out the order ratio might have during a week.

Question 4 shows the reason why the respondents like to order food online. The indicator of the result shows that 55.2% of respondents like to order food online to save time. 17.2% of them think that there is a wide range of food to choose from. And some of the respondents do not like to cook and that is why they order food online. Some of them order on special occasions and the percentage of them who do not like to cook and special occasion is the same. It is 13.8%. This was asked to understand the core reason for online food business survival and where to keep the focus.

Question 5 shows how much money the respondents are willing to pay in a week while ordering food online. 41.4% of respondents are willing to pay from 20 to 30 euros in a week. 24.1% of the respondents are willing to pay more than 60 Euros in a week where 13.8% of them have shown interest to pay 30 to 40 Euros. And 20.7% of respondents are willing to pay between 40 to 50 Euros. So, it can be said that they are ready to pay quite a good amount as per the economic exchange rate. So, here the author has understood that there is a huge potential for success in the could kitchen business.

Question 6 indicates the satisfaction rate of the respondents about the food delivery system of the capital city of Dhaka, Bangladesh. The highest rating is 14 out of 15 by 3% of the respondents. Then 4%

rated 11, accordingly 2% of them rated 3, and 1% rated 1 which is the lowest score. This rating clearly shows that most of the delivery system is satisfactory and reliable. But there is still scope to improve it.

Question 7 was about the food preference of the participants which shows that the respondents of the survey of Dhaka people like to order Asian food. Its percentage is the highest at 50%. Indian cuisine has been chosen by 35.7% of respondents. 10.7% like to order Mexican and 3.6% like European food.

In Question 8 the respondents had been asked if they know about a cloud kitchen that only delivers food and has no physical restaurant or dine-in facility. 65.5% of the respondents are well aware of the cloud kitchen. On the contrary, 34.5% of the respondents do not know about this. Here, the author has understood to create an image will be a hard job.

In Question 9 the respondents were asked when it comes to ordering food online what is the most important thing that matters to them and 41.4% of them responded that they rely on the online reviews and ratings of the food brand. Some look for hygienic food and 24.1% is their percentage. Surprisingly, the lowest percentage is 13.8% which is to mention that previous experience is less important for the respondents. 20.7% want a variety of food. The author has included this question to find out customers' psychology behind ordering from the same food brand.

In the last question, the respondents were asked if Covid-19 had an impact on ordering online food. 55.2% agreed with the statement whereas 34.5% of them are not sure and responded maybe. 10.3% seem to disagree with the statement. This question was asked to find out the reason why the popularity of cloud kitchens has increased suddenly, and the author has found out that covid-19 has a positive impact on the cloud kitchen business.

3.2 Recommendation

This part of the writing is solely based on the survey result that has been collected via participants' responses. After going through the final result some valuable, insightful, and interesting findings have come out and are going to be extremely beneficial in the time of planning for the business plan for the author, or anyone who wants to make a scheme for a new cloud kitchen in Bangladesh. Among all the questions there was a question about the customer's choice of food type (for example- Asian, Mexican,

or any other). It seems that Bangladeshi audiences prefer Asian food and they are more into their own-culture than exploring new types. So, when the author will decide on the menu, Asian food needs to be included to attract those customers and it will be also the safe choice. It is also suggested to add a new menu now and then. As the same menu will be monotonous. In the survey, it seems that the age group of 20 to 30 is more prone to ordering online. So, it is also recommended to target the age group of 20 to 30 while planning for business segmentation and target market. Before deciding on the marketing strategy and menu another market survey only focusing on this group will be a great idea. As cloud kitchen business is online based, on-time delivery is a crucial factor. It is a must to collaborate with a well-known food delivery app. Because ensuring a speedy last-mile delivery can be the game changer as on the survey results it shows that most of the customers order online to save time. The core of a business is to create awareness and need for the product or service. If any service exists but the customers or the target market are not aware of the product or service then the business will fail. In the survey results, it is disappointing to see that many customers are still in darkness about Cloud Kitchens' existence in the market. It is recommended that new entrepreneurs come up with an exceptional marketing strategy to make people aware the cloud kitchen existence.

4 DISCUSSION AND CONCLUSIONS

In this study it can be safely argued that the epidemic has sped up the transformation and the adoption of technology in the hospitality and restaurant sector. According to the study's findings, despite generally providing Value Added Tax (VAT) benefits, Cloud Kitchen Model (CKM) offers a limited sales opportunity for the Dhaka restaurant industry during the next three years. Even though they are interested in starting CKM, current restaurant owners believe that the immediate additional capital requirements, in addition to the capital they currently have on hand to operate their current restaurants, will prevent them from entering the cloud kitchen industry and, as a result, prevent the adoption of CKM in the next three years. It is advised that people who want to launch a CKM business do so with a strong business plan and look for venture capitalists or angel investors in order to raise money and bring in specialists while setting priorities for their marketing efforts. Social media platforms should be used by restaurants based in CKM to develop a positive brand image. CKM-based restaurants should prioritize employee retention through appropriate employee training and additional benefits while focusing on customer demands through unique platforms (such as their own delivery channels and websites). (Khan et al., 2022).

Due to this change, the industry will become more resilient than ever before, and new, better-eating concepts, brands, and service standards will appear. After all the data and available information, it is significantly noticed that a few notable obstacles that new cloud kitchen owners may experience are the difficulty in ensuring consistency in food quality, consumers' confusion about the brand, and the lack of opportunity to differentiate as a cloud kitchen. As a result, any company considering opening a cloud-cooking restaurant should properly manage these risks. To find funding in the beginning, restaurants can look for angel investors or venture capitalists. However, they will require a strong business plan for that. To guarantee a constant level of food and service quality, they need to engage qualified professionals. Once more, it is a difficult effort to establish a distinctive position in the sector. Consequently, the company must be cautious, prompt, and savvy enough to overcome any sudden situations.

Other considerable factors that are discovered by the survey results are that marketing a cloud kitchen can be a critical task for the entrepreneur as many of the customers do not perceive the concept of a cloud kitchen as it is. There are so many dissimilarities between a traditional restaurant and a cloud kitchen that has been discussed in chapter 3, the theoretical part. According to Audrey Hamada, Adolphine Parameswara, and others, brand knowledge has a direct impact on a customer's intention to buy

a product. (Sanny et al., 2022). So, it is recommended to maintain a great social media presence more potent than any other in the market. Also, it is suggested to come up with unique marketing strategies. For instance, a study in Egypt shows that green packaging has increased the customers buying and trusting tendency toward cloud kitchens. Here, green packaging means packaging that is biodegradable and eco-friendly and aid in sustainable development. (EmamA et al., 2022).

Additionally, a cloud kitchen owner can introduce additional surprises for regular customers by tracking their purchase behaviour. It can be a loyalty bonus for purchasing over a certain amount they will get a 10% to 35% discount on the next order they made. In the survey, it is found that the most important factor that influences their buying behaviour is the review and ratings of the customers who have ordered from Cloud Kitchen. So, the owners of a cloud kitchen can come up with a scheme in which the best reviewers will get a coupon or free food. It will do the marketing as well the sales will increase. The people of Dhaka who have participated in the survey have rated the delivery service as satisfactory. There is still room to be better in this sector. If a newly establish cloud kitchen introduces a speedy delivery service with good food, it will increase its presence in the market. However, the traffic jam in Dhaka city is a big concern while delivering the food on time. To avoid this is quite impossible but if the food can be prepared as fast it can give a bonus to deliver it quickly. Most of the participants were into ordering Asian food. As the sample number was small it is recommended to do a massive market survey before introducing the food menu as per the market segment. Because in the cloud kitchen business, the main factor to shine and grow is to serve according to customers' demands and always engage in bringing new food to customers. However, cloud kitchen services must constantly evaluate their competitive edge and change to market advances with creative strategies due to the strategic uncertainties, particularly the level of rivalry. (Choudhary, 2019).

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Appendix 1: Customers Survey

APPENDIX 1/1


CLOUD KITCHEN

Cloud Kitchen Potentiality in Bangladesh

emranh0403@gmail.com [Switch account](#)

Not shared

QUANTIATIVE STUDY QUESTIONS SERVEY



1. How old are you?

Under 20

20-30

30-40

Above 40

2. What is your gender?

- Male
- Female
- others

3. How often do you order food online?

- 1-2 times in a week
- 2-3 times in a week
- More than 5 times a week
- Several times a month

4. Main reasons to order online food?

- To save the time
- Special occasion
- Wide ranges of food choices
- Do not like to cook

5. Money spends on the online food orders in a week?

- 20-30 euro
- 30-40 euro
- 40-50 euro
- above 60 euro

6. How much do you rate the services of food delivery companies in Dhaka, Bangladesh?

1%

2%

3%

4%

Row 1

7. What kind of cuisine do you like to order online from a restaurant?

- Asian
- Japanese
- European
- Mexican
- Indian

8. Have you heard before about a cloud kitchen-based restaurant. Which only do online food delivery?

- Yes
- No

9. While ordering food online, what matters most for you?

- Ratings and reviews
- Variety of food
- Hygiene in kitchen
- Previous experience

10. COVID-19 impact on people ordering online food behavior?

- Yes
- No
- Maybe