



One Kitchen for a Dozen ‘Restaurants’

Ghost franchises spread, and small spots may be left behind.

BY MARISSA CONRAD

A video from MrBeast, a 22-year-old YouTube star with 54 million subscribers, usually goes something like this: An outlandish setup — say, staging a fake robbery — results in a fan’s winning thousands of dollars or a new car. But in late December, MrBeast (real name: Jimmy Donaldson, an upbeat bro from North Carolina) dropped something different on his viewers.

“I literally just opened 300 restaurants all across America,” he said in a video announcing MrBeast Burger, a chain serving smash burgers and fries. “But we only serve people through delivery apps.”

But MrBeast Burger is not quite what most of us think of as a chain, or even a restaurant. In exchange for a cut of sales revenue, the brand supplies the name, logo, menu, recipes and publicity images to any restaurant owner with the space and staff to make burgers as a side hustle. When a customer orders from the MrBeast Burger in Midvale, Utah, the food is prepared at a location of the red-sauce chain Buca di Beppo, following a standardized MrBeast recipe. In Manhattan, a MrBeast Burger is prepared at the neighborhood bar Handcraft Kitchen & Cocktails.

Call it a ghost franchise — and expect to see many more of them this year, with and without celebrity names attached.

In December, Virtual Dining Concepts, the company behind MrBeast Burger, announced similar ventures with the TV personality Mario Lopez and the “Jersey Shore” alumna Pauly D.

The parent company of Nextbite, another pioneer of the model, received \$120 million in venture-capital funding in October for its 13 virtual brands. Franklin Junction, founded last year, helps restaurants do business as known food brands, including Wow Bao and Nathan’s Famous. Companies like Future Foods, Combo Kitchen and the Local Culinary are all making similar plays.

In the delivery-app era, the ghost franchise can be a lifeline for the independent restaurateur, a way to make thousands of dollars a month in a devastating time. It can also be a liability, exploding the marketplace in ways that serve big brands more than small businesses.

James Garofalo, 52, grew up working at his father’s diner in Chicago Heights, Ill. Now, he’s the chief operating officer at Goddess and the Baker, a cafe with several locations in Chicago and one in Brookfield, Wis. At first, Mr. Garofalo was skeptical of the ghost-franchise model. But as the pandemic cut off foot traffic, he decided it might make sense. “At this point, you’re looking for ways to generate dollars, keep staff on,” he added.

Mr. Garofalo now runs 12 Nextbite franchises out of the kitchen of his Brookfield cafe: Monster Mac, the Big Melt, Grilled Cheese Society, Miss Maudy’s Amazin’ Chicken, Toss It Up, CraveBurger, Outlaw Burger, Ghost Grille, Firebelly Wings, Wild Wild Wings, the Wing Dynasty and HotBox by Wz, from the rapper Wiz Khalifa.

THE DAY-TO-DAY is less chaotic than it sounds. Delivery-app orders stream in one tablet, and the takeout containers all come from the same pile; nothing is branded except HotBox orders, and those have just a sticker. Recipes from Nextbite’s Colorado test kitchen are easy to follow, and the company recommends ingredients from the suppliers Mr. Garofalo already uses. Nextbite takes a 45 percent cut of sales but handles all delivery-app fees, which would be, for Mr. Garofalo, as high as 30 percent per order. In his best month so far, he cleared \$20,000 across the 12 brands. The arrangement has allowed Mr. Garo-



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MIRYAD POPE/ALAM STOCK PHOTO



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falo to add new types of food without the labor of menu development or the worry of muddying his own brand. But what restaurant owners are really buying from these companies is not just recipes or a cutesy name. They’re buying a solution to a problem facing every small restaurant that’s trying as a name on a screen among all the other names on a screen: visibility.

“Before Covid, you had some restaurants that did not need to be on these third-party systems,” said Kymme Williams-Davis, the owner of Bushwick Grind, a cafe in Brooklyn. “But now every restaurant, every cafe, every commercial kitchen and every ghost kitchen is on these apps. It’s more competitive.” If someone on her block searches GrubHub for espresso, Bushwick Grind is buried below more than 20 shops, some of them miles away.

The business model hinges on deals the ghost-franchise parent companies strike with third-party delivery apps (which are notorious for taking advantage of workers and restaurants), using the leverage of having hundreds of listable “restaurants” to broker top spots for them in search results. If a customer in the Brookfield, Wis., area searches for grilled cheese on DoorDash, Grilled Cheese Society comes up as the first suggestion. In a search for wings, Firebelly is third and Wild Wild Wings is fourth.

“Like anyone else, we pay to be on apps and we pay for placement,” said Geoff Madding, Nextbite’s chief executive. He added, “The more value you’re bringing, probably the stronger negotiating position you’re in.”

Above, some of the food offered by the HotBox by Wz brand, which is named for the rapper Wiz Khalifa. Left, food from MrBeast Burger. Both of the franchises are operated out of kitchens that may prepare food for as many as a dozen other chains.

out to hurt small businesses, it’s not something I’m going to continue to do.”

Nationwide, more than 150 MrBeast Burgers are operating out of locations of Buca di Beppo, Bravo Italian Kitchen, Brian Iorio Grille and Bertucci’s Brick Oven Pizza & Pasta. Those four restaurant chains are owned and operated by Robert Earl, the founder of Planet Hollywood; Virtual Dining Concepts, which operates MrBeast Burger, was founded by Mr. Earl and his son, Robbie Earl.

Similarly, many of Franklin Junction’s ghost franchises are operated out of a Frisch’s Big Boy, a chain owned by Franklin Junction’s parent company, NRD Capital, a private equity firm.

But even an independent restaurant can get a virtual brand up and running in less than 30 days, with few limits to the number of brands one owner can take on. And that potential speed of proliferation could result in a delivery-app ecosystem where the ghost-franchise parent companies duke it out, while the truly independent restaurants are pushed farther down the list.

IN NEW YORK CITY, this is already happening. If you’ve noticed the torrent of perplexing restaurant names on delivery apps, many of them confusingly similar, this too is a manifestation of the ghost franchise.

When Jacky Cheng, a resident of the Kips Bay neighborhood of Manhattan, ordered from Village Breakfast Snob on DoorDash, “it didn’t really cross my mind that it was a ghost kitchen,” he said. “Although it should have, because who the heck names their restaurant that?”

The food, he later found out, came from a bodega in the East Village that is operating as at least 10 ghost brands, including L.A. Breakfast Club and American Cheese-steaks. New York is now home to the Pancake Snob, Breakfast Burrito Snob, Sushi Snob, Pad Thai Snob, Chicken Tikka Snob and Snobby Chicken Wings. There’s also the Burger Bae and Breakfast Be Loved.

The style of these names creates a marketplace that parallels Amazon in some ways, said Lea Chu, a group director of naming at the brand strategy firm Siegel & Gale. You have a need — there, a hole puncher; here, a breakfast burrito — and a hyper-specific listing is there to fill it. Seven years ago, Ms. Chu surveyed the name of every restaurant in Manhattan, a project that took weeks. Restaurant owners usually want names that won’t sound silly in a year, she said. Here, that matters less.

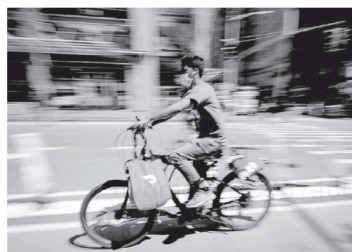
“What’s the worst that could happen?” Ms. Chu said. “Your name becomes irrelevant and you have to change it? It probably doesn’t matter. There’s so much fluctuation in this restaurant landscape that everyone’s going to be used to names changing all the time.”

For now, we seem to be entering a period in which every “Bachelorette” contestant from the last 15 years will have a virtual deal. Mario’s Tortas Lopez and Pauly D’s Italian Subs are listed in dozens of markets. Since January, at least 120 outlets of Guy Fieri’s first virtual brand, FlavorsTown Kitchen, have opened. And MrBeast Burger has already spread to Canada. A following of 54 million YouTube subscribers sells a lot of sandwiches — more than a million in the first two months, in fact.

“My son is 18, my daughter is 14, and they think MrBeast is hilarious,” said Cece Kaufman, an interior designer in San Francisco.

In December, the family went on what Ms. Kaufman cheerfully called a “road trip” — a 40-minute drive into the delivery zone of the closest MrBeast Burger, to meet a DoorDash driver carrying three smash burgers and two orders of fries. The teenagers, like most ghost kitchen customers, had no idea where the food was made.

“They didn’t care,” Ms. Kaufman said. “The wrapper had the MrBeast stickers on it, so they thought it was great.”



MIKE SEGAR/REUTERS



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IN JANUARY, Ms. Williams-Davis started selling online as Mariah’s Cookies, the Virtual Dining Concepts brand partnership with the singer Mariah Carey, as a test run to see if the extra sales could help Bushwick Grind “stay alive during this really unprecedented time,” she said. She had to close for six months last year, she said, after her father and several of his cousins died from Covid-19.

Her cafe is an exemplar of a community-minded business; she runs a community refrigerator, feeds vaccine workers and has plans to open an urban farm.

“I don’t want to contribute to not buying local, right?” she said. “In one way, if you’re buying from Mariah’s Cookies, and that name and that advertising machine can get customers, you kind of are buying local because I’m making the cookies. But at the same time, the perception is that you’re not buying local. I’m on the fence. But if it is

Above four photographs, clockwise from lower right: Jason Garofalo, the general manager of 13 ghost kitchens working out of a single cafe in Chicago; a Goddess and the Baker cafe, where several other delivery-only brands are prepared; the MrBeast YouTube channel; and a GrabHub delivery worker in Manhattan.

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