

Leles African Cuisine taps into virtual restaurant trend

The food industry is changing, with some restaurant owners forgoing physical retail spaces and instead opting to trade solely online. The business model of these 'virtual restaurants' often means reduced overheads and therefore increased chances of success.



Hellen Gqoboka launched one of Johannesburg's first virtual restaurants, Leles African Cuisine, in February this year, and since then she says her business has gone from strength to strength.

Having obtained a BCom in financial accounting from UCT and an MBA from the Gordon Institute of Business Science, Gqoboka worked in a variety of multinational businesses, including South African Breweries and KFC. While working in South East Asia, she noticed that the local cuisine was featured on the menus of high-end global hotels in the region.

"I realised that African cuisine has a lack of this kind of presence in South Africa. If people want it, they can't find it without going to a taxi rank or a chesa nyama. So I saw a gap in the market for a premium African cuisine offering," she says.

On-demand cuisine

At first, she considered opening a regular restaurant, but as she began to research the market and look into international trends, she opted to launch her business as a kitchen that sells meals through on-demand convenience platforms like Mr D and Uber Eats.

“Instead of testing my idea and delaying it by finding retail space and kitting it out, I thought that I could use those platforms to get started,” says Gqoboka. “I started the kitchen out of a cottage behind my house in Bryanston, and nine months later, we’re going strong.”

After persuading the delivery platforms to take a chance on her, she found that the business model worked just fine without her having to open a true restaurant – which she attributes to her attention to detail and the professionalism of her outfit.

“The virtual model is working out so well for us that this is what we’re just going to keep on doing to increase and drive the brand.”

Expansion plans

She’s now opened a second location – the delivery companies require a 5km radius for collection and delivery, so to open up new markets, she’ll need to open new kitchens. The second kitchen also offers customer collections, which Gqoboka says is nice, but not necessary.

She intends to open another six restaurants by February 2018, and then another eight in the next year. She also plans to take the business model up into other countries in Africa, focusing on delivering quality regional cuisine wherever it operates. She says that some of these restaurants will be customer facing, but that the main focus of the business will still be the kitchen and delivery model.

The benefits of the virtual model

“Without having to fit out a customer-facing restaurant space, the business’s overheads are lower and margins are higher, which makes it easier to grow and easier to fund,” says Karl Westvig, the CEO of Retail Capital. “Because the business is less sensitive to funding costs, it is also easier for the owner to obtain funding, because they can afford to service higher rates through those higher margins.”

Retail Capital has provided funding to Leles African Cuisine, and Westvig says they are very excited about the model, which is a first for them. “It’s new for us. We’re learning along with her and backing her as she grows. We believe in her vision and it’s a model that she can expand quite aggressively.”

While Gqoboka might be breaking new ground in South Africa, she is participating in a global trend in which restaurants operate in the virtual space without a customer-facing outlet.

Westvig says that Gqoboka’s model is to use the systems already put in place by the delivery services, but some global virtual restaurants actually create their own websites to take and manage orders. “This gives them a far greater understanding of their target market – whereas Gqoboka finds that she only garners nuggets of information from the delivery services’ systems because they keep their customers’ data confidential. She works around this by interacting with her customers on social media to get a sense of who they are and what they want from her.”

Leles African Cuisine might be one of the first virtual restaurants in South Africa, but others are sure to follow soon. “With far lower barriers to entry, the business model may prove too compelling to resist for would-be restaurateurs. As Gqoboka has shown, virtual isn’t just a stepping stone – it can shape the entire business model,” concludes Westvig.

For more, visit: <https://www.bizcommunity.com>