

HOSPITALITY ENTREPRENEURSHIP: FACTORS CONTRIBUTING TO THE FAILURE OF SAUDI RESTAURATEUR

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Abstract

Hospitality entrepreneurship is the catalyst of the change via a country's surging fiscal growth and development. In Saudi Arabia, the full-service restaurant segment is enjoying a large share of the foodservice market. However, restaurant failure has emerged as a problem. Therefore, this research examines the factors contributing to the failure of Saudi Restaurateurs. The data were collected through semi-structured interviews with eight ex-restaurateurs in Aseer Province. Graneheim and Lundman's qualitative approach was used for data analysis. The findings revealed seven main themes—the absence of feasibility studies, poor managerial skills, lack of customer loyalty, untrained labor, stress, high cost, and poor location.

Keywords: Hospitality Entrepreneurship, Restaurants, Qualitative Study, Saudi Arabia.

INTRODUCTION

Entrepreneurship is a dynamic process that plays a pivotal role in a country's economic growth. Entrepreneurship and entrepreneurs are key drivers in the progress of any industry. Schumpeter (1951) claimed that innovation is the chief driving force for economic development and that designated entrepreneurs are crucial for the health of the economy. Entrepreneurs are innovators and risk-takers who expand the boundaries of economic activity (Morrison, 2000). Entrepreneurship contributes to economic growth in numerous ways through employment generation, innovation, product enhancement, diversification, exports, knowledge dissemination, and the stimulation of competitiveness (Audretsch & Keilbach, 2004; Van Praag & Versloot, 2007; Van Stel et al., 2005; Wong et al., 2005). Entrepreneurs are praised owing to their contributions to society. Entrepreneurship brings revolutionary changes in business practices and methods, including introducing production techniques, organizational approaches, and new products. The importance of entrepreneurship pervades all industries and sectors of the economy, especially small and medium enterprises (SMEs), which are the central vehicles for the generation of jobs at a comparatively lower cost than large companies, and contribute immensely to a country's socioeconomic growth. SMEs are complementary to large enterprises as ancillary units and assist in the industrial development of rural areas, thus reducing regional disparities and assuring equitable distribution of income and wealth.

The word “hospitality” is used in different senses on different occasions. As a concept, it is concerned with the liaison between a guest and a host; like hotels, restaurants serve as hosts, while customers engage as guests. Therefore, as a concept, it governs the relationship between these two entities. As an industry, it refers to commercial activities that are excessively reliant on such relationships. Hosts (i.e., hospitality businesses) must develop interpersonal, meaningful relationships with guests (i.e., customers) in order to achieve commercial success. The hospitality industry refers to businesses focused on meeting leisurely needs and customer satisfaction. It targets the needs of luxury, enjoyment, pleasure, and leisure rather than basic necessities and arranges food, accommodation, and recreation for those who are away from home or wish to have a good time. The hospitality industry is a huge sector in which banks are available to facilitate leisure time, changing trends, disposable income, and customers’ trust. Basically, there are four categories of the hospitality industry: food and beverages, lodging, recreation, and travel and tourism. Food and beverages consist of restaurants, cafes, and catering. Lodging includes hotels and lodges. Recreation covers clubs, theaters, and sports. Travel and tourism comprise event planning, airlines, and travel agencies. These industries are interconnected and interdependent, aiming to provide an enjoyable experience to all who participate. In this research, the first category of the hospitality industry has been investigated, i.e., food and beverages.

Currently, the entrepreneurial outlook is just as important in hospitality as in other areas. Hospitality entrepreneurship is a stimulant in developing and growing many national economies (Hospitality Standards Institute, 2012). A variety of small and medium hospitality units cater to the needs of customers in the form of hotels, restaurants, clubs, transportation, cruises, and on-site operations. The majority of these SMEs have opened, taking advantage of low barriers to entry, and they are inclined to be vastly flexible to changing customer demands. Entrepreneurship is vital in meeting the rapidly shifting demands of these industries and is a powerful driver of change, employment, competition, and innovation in hospitality. The role of SMEs in creating new establishments in the hospitality sector and their association with socioeconomic growth has led to the emergence of hospitality entrepreneurship as a vibrant factor in the development of local communities.

Restaurant entrepreneurship is a demanding and challenging business. This industry exerts continuous efforts to meet customers’ ever-changing tastes and preferences. Customers’ desires and needs set off trends such as locally sourced ingredients, off-premises dining, cloud kitchens, and reliance on technology, constantly generating challenges for restaurateurs. In addition, factors such as location, size, quality of labor, competitiveness, experience, and stress affect the business of restaurants (Parsa et al., 2005; Wallace, 2003).

In 2020, Saudi Arabia’s foodservice market was valued at USD 22.42 billion and is predicted to achieve a CAGR of 8.90% during 2021-2026 (Mordor Intelligence Report, 2021). The Saudi Arabia foodservice market is divided into full-service restaurants, fast food restaurants, cafes, and catering. The full-service restaurant segment has a major share of the market by virtue of the strong presence of the millennial population, the acceptance of Western culture, and the growing tourism industry. This segment is extremely competitive due to the presence of a large

number of small and large players. Independent foodservice restaurants sustain a dominant position in the full-service restaurant segment as they offer dine-in restaurant services with an extensive menu. Like other sectors, the restaurant industry has been sorely affected due to coronavirus outbreaks; moreover, rising inflation is another blow for this sector. Food prices have risen by 2.0% owing to an increase in the catering price index. The Herfy Food Services Company, a Saudi enterprise, registered a 16.40% drop in its revenue in 2020 (Annual Report of the Savola Group, 2020). The pandemic has brutally hit full-service restaurants, largely due to lockdowns, social distancing regulations, and travel restrictions, causing several restaurants to close or reduce their business. This study is restricted to the full-service restaurant segment in Aseer Province.

The Success of Restaurants

Johnson et al. (2005) investigated the complexities of the Michelin restaurant ranking system and identified restaurant success factors which are investment decision, finance sourcing, striving for excellence, and culinary craftsmanship. Camillo et al. (2008) revealed that proper coordination of various factors is essential to sustain success in the restaurant business. They proposed that food quality, strategic vision, competitive drive, finding and retaining competent labor, designing and developing menus, maintaining service levels, managing customer relations, and implementing stringent internal controls are crucial for a favorable outcome. Another investigation regarding the hotel sector in the UK (Brotherton, 2004) explored 36 critical success factors, out of which nine have a crossover effect on the restaurant sector. The nine critical success factors are (1) operational flexibility, (2) quality standards, (3) responsiveness to customer demands, (4) hygiene and cleanliness, (5) customer loyalty, (6) customer surveys, (7) staff empowerment, (8) staff recruitment and selection, and (9) staff training. Cheng and Brown (1998) claimed that a restaurant's success and continuity highly depend on the quality, efficiency, and effectiveness of the staff, who ultimately accomplish its objectives. It is crucial for restaurateurs to recruit competent and qualified employees to attain success (Davis et al., 2012; Fotiadis et al., 2019). Gadelrab and Ekiz (2019) conducted a qualitative study in Saudi Arabia to explore the critical success factors in restaurant operations. They collected data from 10 restaurateurs in Jeddah through semi-structured interviews to examine their experiences and insights into core factors. They identified that strategy, staffing, marketing, and the menu were important factors leading to success in restaurant operations.

The Failure of Restaurants

During the first year, the failure rate of restaurants may be very high; various newspaper articles have been published on this topic (Nel, J et al., 2018; O'Dell, 2008). This perception is highlighted in the finance and business world with high failure rates. However, academics (Parsa et al., 2005) have discarded the notion and presented more accurate and lower failure rates. Employing quantitative and qualitative methods, Parsa et al. (2005) conducted a longitudinal study to detect the factors contributing to ownership turnover rates. Numerous factors were discovered that led to restaurant failure. The critical factors are operational aspects, poor communication, poor choice of location, and ambiguous business goals. They also referred to factors beyond the owner's control, e.g., legislation, social and cultural changes,

fires, changing demographic trends, and the economy. Later, in another study, Parsa et al. (2011) investigated macro and micro factors contributing to restaurant failure; the micro factors were identified as inexperience, limited access to capital, wrong location, bad working conditions, lack of business skills, inability to create a brand name, uncompetitive operations, unattractive restaurant name, improper cost control, absence of role model, poor facility design, and less profitability focus, while the macro factors were defined as natural events, the state of the economy, competitors, trends, changing legislation, and regional and urban design changes. Word of mouth plays a pivotal role in the success and failure of restaurants. Jalilvand et al. (2017) explored the factors influencing word of mouth in the restaurant industry. They argued that the physical environment, personal interactions between the establishment and the customer, perceived food quality, and perceived value are vital to success. These factors contribute to the failure of a business when restaurateurs underestimate their importance. They emphasized a keen understanding of customers' needs and perceptions and stressed the importance of word of mouth to avoid setbacks for restaurants.

MATERIALS AND METHODS

This research is based on an exploratory qualitative approach. The qualitative study method facilitates obtaining a new attitude concerning a familiar condition, visualizing and explaining unstudied variables, and simplifying the relations among fields that had no evident relations before (Burns & Grove, 2009). A qualitative methodology is more suitable for research where the variables are not known and where the main objective is to explore (Creswell, 2012). Graneheim and Lundman's (2004) approach is applied to the analysis of data. This approach includes a word-by-word transcription of collected data and in-depth readings of the interviews to extract the meaning units as a basis of analysis. Then, condensed meaning units were identified by abbreviating the text, summarizing condensed pieces of text, and labeling them with codes. Thereafter, codes are sorted into subthemes based on their similarities and differences. Finally, themes are identified and placed as measures of the hidden contents of the texts.

Ex-restaurateurs are not easily seen, but they often have contact with each other. Considering this fact, a strategy was made to identify the participants with the help of the first one, so snowball sampling was used to recognize them. The investigation started with one respondent, and then he was asked to identify other participants for research. The same request was made for new participants, and a chain was formed. The data collection was stopped after eight interviews, as it was realized that enough data had been collected to identify the factors responsible for the challenges facing restaurants. It was not hard to build an instant rapport with the restaurateurs the moment they learned about the research and its objectives. In-depth interviews were held with the participants over the phone for an average of an hour each. The interviews were recorded for transcription with pre-permission from the restaurateurs participating in the study. A semi-structured approach was followed to unveil the feelings of the participants, wherein questions were asked without a particular sequence, and additional questions were introduced to seek clarification and deeper insight (Ramadan, 2017; Taylor & Bogdan, 1984). This technique allowed the respondents to determine their answers to open-

ended questions and assisted in establishing the depth of understanding. After each interview, the data were transcribed and read various times to obtain a general conception, and meaningful units were created. Afterward, the text was abbreviated, keeping the core content to determine condensed meaning units. Then, the condensed text was abstracted and raised to a higher logical level, and codes were designated. To ensure that none of the codes were missed, the process was reviewed, and the codes were rechecked to find homogenous and supplementary codes. Then, codes with identical content were classified into subthemes, and eventually, a clear picture emerged of the process in the form of seven dominant themes.

RESULTS

The data were collected from eight male ex-restaurateurs in Aseer Province who were young and educated. The average age of the participants was 37; the youngest participant was 31 years old, whereas the oldest was 40. Of all participants, 6 were university graduates, and 2 were high school graduates. Regarding ownership, 5 firms were proprietorships, and 3 were partnerships. The restaurateurs self-financed 6 firms, whereas 2 were financed through bank loans. Concerning the lifespan of the restaurants, 2 restaurants were closed after 1 year; 3 after 2 years; 1 after 3 years; and 2 after 5 years. This study did not cover restaurants that were closed within one year. Out of the 8 restaurants, 6 restaurants were closed before COVID-19, and only 2 were closed after that. The lifespan of the restaurants ranged between 2010 and 2020. Table 1 reveals the analysis of the collected data in the form of the themes that were generated on the basis of the subthemes.

Table 1: The Extracted Themes and Sub-Themes

S	Themes	Subthemes
1.	Absence of feasibility study	No clear vision, poor operational strategies, scarcity of funds
2.	Poor managerial skills	Lack of passion, ineffective communication, poor leadership
3.	Lack of customers loyalty/ recurrence	Absence of feedback, no tracking of customers, no interpersonal relations
4.	Untrained labor	Unenthusiastic service, little knowledge of food items, lack of attention, waste of time
5.	Stress	Continuous supervision, longer working hours/no holiday, declines in health, excessive municipal regulations, and fines.
6.	High cost	expensive raw materials, customers do not want to pay more, corona effects
7.	Wrong location	Limited parking, distant location, inappropriate visibility, and ambiance

Absence of a Feasibility Study

The research revealed an absence of feasibility studies. A feasibility study is the practical assessment of a proposed plan or project to ensure the technical, financial, marketing, and economic viability of a project. This theme is comprised of three subthemes: no clear vision, poor operational strategies, and scarcity of funds.

No Clear Vision

The restaurateurs did not have clear business goals, or the management did not follow them consistently. A well-designed project should mention a clear vision and mission statement. Lack of a clear vision and concentrating on a single facet of the business can be dangerous to the organization's survival. The restaurateurs said:

Unfortunately, we did not start out with the proper plan. We just arranged the capital, manpower, place, and materials required to open the restaurant, hoping that our hard work would pay off soon. However, lack of clear vision distracted us and created bottlenecks (Respondent 6).

Concentration mainly on the quality of food, leaving the other aspects untouched, has been the main factor of a foul-up. Proper balancing of all aspects with a clear vision leads us in the right direction (Respondent 4).

Poor Operational Strategies

The respondents reported the execution of poor operational strategies, which are fundamental to a restaurant's success. Unclear roles and stages of operations and improper inventory control ruin a restaurant very early in its existence. The absence of an operational performance evaluation system could be fatal to the sustainability of the business. Some participants mentioned:

Being a new restaurateur, I didn't even know how to calculate food costs. I relied on the staff to maintain operational standards and proper inventory controls, but blind reliance on staff resulted in catastrophe (Respondent 3).

There was no proper plan and operational performance evaluation system; decisions were simply made as per the situation without taking efficacy into account (Respondent 8).

Scarcity of Funds

The scarcity of funds is one of the most significant factors contributing to restaurant failures. The restaurateurs admitted to facing this problem regularly. They managed to have enough start-up capital due to the low entrance and exit barriers but not enough to support their business in building an image in the market. The continuous flow of funds, especially liquidity, is inevitable for the survival of a restaurant business. The restaurateurs stated:

I invested my personal savings in the beginning and was able to convince my father twice to assist me financially for what I needed during the first year, but I couldn't arrange the required money during the second year (Respondent 1).

This business requires a continuous flow of funds to meet day-to-day expenses, especially inventory maintenance. On several occasions, I had to make cash arrangements by taking loans, which is cumbersome (Respondent 5).

We already started the business by taking a loan, and the continuous demands of maintaining liquidity added to the burden further. We always felt the scarcity of funds during five years' life of business (Respondent 7).

Poor Managerial Skills

Poor managerial skills can deteriorate employees' productivity and wreak havoc on the organization. Ineffective management wastes opportunities by entrusting the wrong responsibilities to the wrong person, thereby impeding productivity and generating numerous blockages. The theme constitutes three sub-themes.

Lack of Passion

The investigation revealed a lack of passion, a potent factor for decreasing business. A lack of passion not only decreases performance at the individual level but also at the organizational level, which may have serious consequences. Aristotle said, "Pleasure in the job puts perfection into the work." If passion is combined with work, performance will be improved with work pleasure like never before. Passion, in turn, motivates others; it generates a better work atmosphere and enhances creativity and innovation. The interviewees said:

I observed that the staff were less energetic and less dedicated toward the job. The manager couldn't generate the spark to energize the team (Respondent 8).

The workers were not enthusiastic; they were just doing the formalities and not making an effort to please the customers or benefit the business (Respondent 6).

Ineffective Communication

Ineffective communication is another factor affecting the failure of restaurants. This relates mainly to internal communication between the top management, the manager, and the workers. Making solo decisions, ambiguous oral communication, and being disrespectful make communication ineffective and demotivate employees. They will start to lose their sense of purpose if they do not receive meaningful feedback from the manager. The manager connects the top management to the employees; he should be able to communicate effectively to both parties with respect to what either side wants to accomplish for the organization's goals. The restaurateurs said:

The frontline staff didn't know the instructions issued by the top management. In our organization, instructions were issued from time to time to make the operations effective, but they were not implemented in the right way (Respondent 1).

The manager didn't pay attention to the problems and suggestions of the workers; he stuck to one-way communication, causing the staff to lose their motivation. Had the communication been two-sided and effective, the outcome would have been different (Respondent 4).

Poor Leadership

Most participants emphasized poor leadership for failure; "Employees don't leave companies; they leave bosses." Poor leadership tends to reduce employee retention and discourages

workers, leading them to be less productive. Employees who lack direction and recognition are more likely to feel pressure and demotivated, resulting in a negative work environment. The leader has to make employees realize their importance in the organization and make them feel confident as a crucial part of the team. Some restaurateurs mentioned:

The staff lacked direction due to the manager's aloofness. During rush hour, the manager has to be there as a leader, guiding and motivating the workers and handling difficult situations. He has to make sure the waiters are familiar with all the dishes on the menu and can satisfy guests' demands, but the workers are handling different situations on their own without any direction (Respondent 4).

There was a high turnover rate due to the workers' dissatisfaction, which wasted a lot of time and money in the recruitment of new workers (Respondent 5).

Lack of Customers Loyalty/ Recurrence

Customer loyalty concerns the likability that customers will do repeat business. The restaurant's business consistently requires high customer satisfaction to secure regular customers. It is critical to a restaurant's success that customers keep coming back, as loyal customers usually consume more than first-time customers. Customer loyalty helps in effective planning by identifying committed customers who can be trusted. This theme was developed on the basis of three subthemes.

Absence of Feedback

The absence of feedback is not a sign of satisfaction. Customer feedback is a powerful guide that gives restaurateur insight that can empower positive change in the business. Customers often give candid responses if an entrepreneur seeks their perspective. This is more important when determining customers' tastes and preferences, especially when a new product is introduced, and allows the restaurateur to understand how customers rate the products compared to the alternatives in the market. The restaurateurs said:

It is important to hear what you are getting right and wrong as a business in the eyes of your customers to make things better as demanded by them. They will take your business to a higher level when priority is given to their preferences (Respondent 7).

The restaurateur should seek out feedback on regular basis. Customers often give candid responses; entrepreneurs may not know about their initiative and can bring genuine changes to the business. The barbecue items were added to meet customers' demands, which strengthened our sales (Respondent 2).

No Tracking of Customers

The interviewees conceded that they were not tracking the customers. In today's competitive business, it is inevitable to collect and organize a customer's contact information to track

customers. The customer database is one of the most valuable tools to increase sales, launch new products, gauge the efficacy of marketing endeavors, and create marketing campaigns. Some restaurateurs stated:

Our target was to increase sales through advertising; we didn't collect the customers' information and didn't maintain the customer database, resulting in losing old customers while searching for new customers (Respondent 3).

I believed good food and services would bring back the customers, but in today's competitive environment, consistent contact with customers is essential; otherwise, they will be taken away by competitors (Respondent 1).

No Interpersonal Relations

The restaurateurs also acknowledged that they did not maintain interpersonal relations with the guests. Personal interactions between the organization and the customer are crucial to developing customer trust and commitment, apart from satisfactory services. Positive interactions and timely and effective frontline services cultivate client relationships, resulting in customer recurrence. The entrepreneurs mentioned:

It is important to talk with and hear those served in the restaurant to develop relationships and loyalty. In this business of frequent transactions, the bond of a relationship increases the possibility of customers returning more than other aspects of the business (Respondent 6).

Building interpersonal ties with customers is a group effort, including waiters, chefs, and managers. While serving the guests, this group activity is to be performed skillfully. I realized the influence of this skilled group effort very late (Respondent 8).

Untrained Labor

Untrained employees lack adequate skills and knowledge required to provide satisfactory service. The restaurant business cannot survive if the customer service is displeasing, which results in disappointed customers who move to other competitors, leading the restaurant to experience declining sales. This theme is composed of four sub-themes.

Unenthusiastic Service

This is another potent reason discovered during the investigation. Lack of effective leadership has many repercussions, one of which is unenthusiastic service. Front staff, especially waiters, have a direct impact on customers. They must be cheerful and enthusiastic enough to receive customers' attention and appreciation. The unenthusiastic service keeps customers at a distance; ultimately, the business is affected. The respondents said:

I have observed that untrained workers can never perform their job perfectly. They do not understand the table dynamic, serve the customers half-heartedly, and commit open and hidden mistakes regularly. Hiring untrained workers under the pretext of paying less may damage your business (Respondent 3).

The waiter, who is apathetic while serving the guests, releases negative vibes and displeases guests (Respondent 5).

Little Knowledge of Food Items

Another factor that emerged during the investigation was little knowledge of food items. The ability of restaurant staff to describe menu items can make or break the guests' service experience. The guests may sincerely believe the description, but they end up with a negative impression when they find the taste of the food to be different from the waiter's description. To create an in-depth understanding of the menu items, the menu crafting methods must be shared with the servers. Some restaurateurs mentioned:

A customer told me that it is his right that menu items served in the restaurant must be explained to him properly by trained staff (Respondent 4).

Always keep the trained staff on the front line. It's ridiculous if you don't have a thorough knowledge of the food items served by you. It will leave a negative impression, and the guest won't believe in even the most sought-after item (Respondent 6).

Lack of Attention

The next factor that affects a restaurant's business is the lack of attention. The customer does not come again to the restaurant if he is not attended to properly. Another factor is giving more attention to certain guests than others. The other guests sitting nearby think they are not attended to as well as other diners. The biasedness between the guests leaves a bad impression and ultimately affects the business. One of the interviewees said:

A guest always seeks attention, even at your home. Won't the guest expect the same at your restaurant, where he pays? Make this understood and train your staff to gain momentum (Respondent 3).

Waste of Time

Wastage of time irritates the customers. They come to the restaurant to enjoy a meal in a cozy atmosphere. They do not want to wait or worry about their order. Waiting for a longer time can frustrate and spoil their mood. The waiter should understand this and adjust the service accordingly. The restaurateurs stated:

What I found is that waiting not only for the food but also for a check causes customers to become frustrated (Respondent 2).

Unfortunately, only a few waiters are professionals, and most of the other waiters don't know the basic things. In most cases, you have to train them from scratch, even for time management (Respondent 1).

Stress

It is obvious that the restaurant industry is tough to work in. The pressure comes from extended hours, strenuous work, customers' expectations, rising costs, and staffing issues. The ongoing stress can turn into sickness. This theme is composed of four sub-themes.

Continuous Supervision

The restaurant business requires regular supervision to keep things under control. A system of checks and balances has to be maintained to prevent theft and to ensure the smooth functioning of the restaurant. In overseeing many activities, working long hours under pressure may cause stress. Some entrepreneurs mentioned:

The ideal supervision in this business requires 10 hands and 10 eyes unless you have proper checks and balances. Otherwise, you will always be thinking about other things while doing one thing (Respondent 4).

Continuous supervision is an innate element of the restaurant business. If your staff is not trustworthy, your work of supervision doubles (Respondent 6).

Longer Working Hours/ No Vacations

Even after working for long hours, the outcome may be negative. Staff in restaurants work for long hours from morning to late at night, even on holidays, sacrificing their leisure time with family. This tight schedule without a break may affect their quality of life and family life, leading to a lost interest in the business. One respondent said:

In the restaurant business, you have to work long hours, 365 days in a year. My work-life problems started because I was not able to withdraw from the business (Respondent 2).

Declines in Health

Declines in health were a serious concern expressed by the interviewees. Working for extended hours without a break under pressure affected the health of some participants and increased their stress levels, blood pressure, and fatigue. It led to a cycle of fatigue, causing less productivity. The restaurateurs stated:

A restaurant is no place for health and quality of life. The longer working hours and stress take away the joy of your life and expose you to health risks (Respondent 3).

I enjoyed good health before starting this business, but business pressure negatively affected my health, causing hypertension and fatigue. This business is not for sensitive people like me who can't bear the work pressure and end up hurting themselves (Respondent 8).

Excessive Municipal Regulations and Fines

The respondents expressed their frustration around immediate fines being imposed without warning, which costs them a lot. It requires extensive efforts to recover and harms their reputations when the unit is closed with a note showing that the business violates the safety of

the environment. Some restaurateurs indicated excessive interference by the municipality, but others appreciated the municipality monitoring field trips as it complimented their efforts in maintaining best practices in their restaurants, hoping to receive a preliminary note before taking action. Some entrepreneurs said:

A sense of goodwill is created after working hard for a longer period, and it is destroyed just after slapping the notice of violation for closure. It is truly difficult to recover from this stage and regain goodwill in the market (Respondent 6).

Heavy fines imposed by the municipality are truly a burden on a budding business, which itself requires a regular cash flow to operate. I remember how difficult it was for me to overcome this additional burden, being a new entrepreneur (Respondent 4).

High Costs

Cost control is one of the major functions of any commercial organization, especially restaurants whose operations are based on their inventory. In addition to inflation, there are various bottleneck and supply chain issues influencing restaurant costs. The restaurateurs, who are not competent enough to control costs, witness the demise of their establishments. This theme is composed of four sub-themes.

Costly Raw Materials

The restaurateurs acknowledged that material prices have been rising in the last few years along with inflation. The rising cost cannot be passed on to consumers, which adds more inflationary pressures that cannot be fully absorbed. To maintain smooth demand, part of the rising cost is passed on to consumers. The restaurateurs said:

You cannot control everything, particularly external factors. A part of the continuously rising cost of raw materials has to be transferred to customers, and if you don't have a strong clientele, then it will surely affect the business (Respondent 2).

In the past few years, I have witnessed the rising prices of commodities, including raw materials. We have faced the dilemma of shifting this cost onto the consumer and we have tried to do as little as possible, but it had repercussions (Respondent 3).

Customers Don't Want To Pay More

This point highlights customers' mindset regarding the rising cost of food items. Everybody has faced the brunt of inflation. It disrupts customers' budgets, and they make adjustments for essential things, leaving no room to pay extra at the restaurant. This negative approach among customers at a time of inflation has made the situation worse.

The interviewees stated:

Owing to the lopsided attitude of the customers, raising the menu prices might look like a tough decision that would drive off and alienate customers (Respondent 4).

It is truly hard to take away the money from the pocket of the customers, who have developed the mindset of sticking to old prices even at a time of inflation. We had to withdraw the increased prices due to this mindset (Respondent 6).

Corona Effects

COVID-19 has created a widespread global shock that has affected the production of goods and services, trade, and SMEs, and has had economic repercussions in all areas. Even the restaurant business has not been spared from this crisis. Different restrictions, lockdowns, fear, unemployment, rising costs, and decreases in income and demand have changed people's lifestyles, which has led many organizations to close, including restaurants. One of the restaurateurs said:

Even before the effect of COVID-19, the business wasn't doing very well, but the pandemic took away all hope. There was no business at the start of COVID-19; later, we started taking away facilities and started to work at full capacity after the exemption of restrictions, but the business never attained its previous status (Respondent 3).

Wrong Location

Location plays a crucial role in a restaurant's success or failure. The ease of access, surroundings, choice of location, visibility, and lack of match between the restaurant's concept and location may have a huge effect on its business. The theme is built upon three sub-themes.

Limited Parking

The participants said the guests complained about parking spaces and demanded ample parking. Patrons hesitate to go to a restaurant if the parking space is limited and cars are parked too close to each other, making their car prone to scratches and making it difficult to open the door. No parking areas and badly lit parking areas are other factors that make patrons reluctant to go to restaurants. Some restaurateurs remarked:

In spite of offering good services, the major drawback of our restaurant was a limited parking area. On numerous occasions, customers expressed their reluctance to come to the restaurant due to this obstacle and suggested that we shift to other places (Respondent 4).

This problem takes away your customers like competitors. Somehow, you can take back your customers from the competitors, but not from the situation until you resolve it (Respondent 6).

Distant Location

Restaurateurs who had restaurants at distant locations confessed that even well-built restaurants in larger areas in the suburbs might face problems attracting customers due to distance. Customers do not want to go to distant places during weekdays (except on weekends), which

affects the business of restaurants. The entrepreneurs mentioned:

The restaurant's location on the outskirts restricted the number of customers. We had enough guests on the weekends but few guests on the other days due to the people's engagement and their hesitance to cover long distances (Respondent 5).

Even the strong architectural layout and good services couldn't encourage the customers due to the distant location (Respondent 8).

Inappropriate Visibility and Ambiance

A hidden entrance or changes in the surroundings that affect a restaurant's visibility makes it difficult for customers to find the restaurant. Poor physical and architectural layouts, scarcity of adequate seating, and lack of cleanliness in the restaurant and bathroom can negatively influence the business. Some respondents stated:

The entrance to the restaurant was obscured due to construction, and searching for the place became difficult for the guests. After wasting time searching for the location, if the guests don't find a good physical environment and services, they won't come back (Respondent 6).

Customers had to wait for seats due to limited seating capacity. Some customers got annoyed and complained, but we couldn't solve that problem (Respondent 3).

DISCUSSION AND CONCLUSION

Entrepreneurship is paramount in meeting the rapidly changing demands of the hospitality sector and is an efficient driver of change, regional development, employment generation, competition, and innovation by establishing SMEs. Entrepreneurs with creative ideas can capitalize on the opportunities frequently emerging in this sector, helping the industry and gaining consumers' attention. Owing to low barriers to entry, a large number of SMEs have been established, contributing to socioeconomic growth.

The restaurant business is a challenging, demanding segment of the hospitality sector and constantly strives to meet customers' ever-changing desires and needs. In addition to the kitchen, the quality of service is an important factor in the restaurant's success. Still, many more factors contribute to success: a strategic vision, a competitive drive, marketing, the menu, competent labor, customer relations, operational flexibility, quality standards, hygiene, and cleanliness. In contrast, this causes a restaurant to fail when many of these factors are not implemented efficiently by restaurateurs.

In Saudi Arabia, the full-service restaurant segment comprises a large share of the foodservice market and is highly competitive. This qualitative study has revealed the factors leading to the closure of restaurants in the Aseer region, Saudi Arabia. Seven main themes became prominent at the end of the process: the absence of feasibility studies, poor managerial skills, lack of

customer loyalty, untrained labor, stress, high costs, and wrong location. The investigation showed that concentrating on one aspect to achieve success is the wrong strategy and is detrimental to the restaurant business.

Restaurateurs inevitably have to maintain a perfect balance among all the business's food- and non-food-related aspects. The findings of this study could benefit current restaurateurs, who aim to run their business smoothly for a longer period and to guide new entrants in the industry. As limited research has been done on this subject in Saudi Arabia, future research is needed with large samples to gain deep insight and benchmarks against international standards, and a survival rate for restaurants should be developed.

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Availability of data and materials

We do not analyze any datasets because our work proceeds within a theoretical and qualitative approach.

Declaration of Interest Statement

The authors report that there are no competing interests to declare.

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