Perceptions of key success factors and key success inhibitors in Australian restaurant and catering business operations

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Authors: Tess Collie and Beverly A. Sparks
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Abstract

This article reports the results of a survey conducted to obtain detailed information concerning Australian restaurant and catering operators' perceptions of their industry. Members of the Australian Restaurant and Catering Association were given the opportunity to voice their opinion, in an open-ended format, concerning factors that either hinder or help their operation. Through content analysis, several factors were identified that respondents perceive as important to the success of their business or as increasing the difficulty of operating their business. In particular, five broad success/difficulty factors emerged, relating to product, staff, financial, environmental and customer issues. Respondents were also asked whether managers and/or owners of businesses in the industry should possess appropriate qualifications. Although a majority of respondents believe managers should be appropriately qualified, many in the sector perceive experience, motivation and other qualities to be more, or equally, important. Implications of the findings are discussed within a framework of recent hospitality and management literature.

Keywords: Critical Success Factors, Australian Restaurants, Business Environment, Success Inhibitors

Introduction

Most businesses are challenged with complex and dynamic operating environments. Competitive forces, technological developments, consumer trends and government regulations are a few of the factors that contribute to the pressures of succeeding in business. As Olsen (1996) notes, for a business to succeed, it is imperative to identify the threats and opportunities that exist and meet these with appropriate competitive methods. Similarly, the volatility of the restaurant market (Tse and Olsen 1990) highlights the importance of understanding the factors that contribute to the success or failure of restaurant and catering businesses.

Previous research in the small business sector suggests that prime determinants of business success include the amount spent on marketing, the quality of product offered and lower levels of debt (O'Neill and Duker 1986). Similarly, a more recent study indicated that clear and strategically focused promotional and advertising activities are important components of restaurant operational success (English, Josiam, Upchurch, and Willems 1996). Others have suggested critical performance areas for small hospitality businesses include the quality and presentation of food and beverage, hygiene, staff attitudes and appearance, fast and efficient service, attention to customer needs and the quality of the physical environment (Kozak and Rimmington 1998; Singerling, Woods, Ninemeier and Perdue 1997). In a review of a number of studies concerning small business failure, English et al. (1996) found common themes of ineffective financial controls and marketing strategies. Despite this evidence, however, there appears little specific data pertaining to restaurant and catering operations, particularly in the Australian context. This paper details a study of restaurant and catering operators' perceptions of factors that either contribute to, or hinder, success in their industry.

The Australian Restaurant and Catering Environment

Data that is available concerning the Australian restaurant sector suggests that, although busier lifestyles mean more consumers are dining out, competition is intensifying due to the increasing availability of ready-to-eat meals from supermarkets, delicatessens and butchers, as well as the overall growth in the number of restaurants (Hing, McCabe, Lewis, and Leiper 1998). Moreover, as the market...
A successful restaurant understands its image, what its customers want and how to deliver results. Environment. A successful restaurant has an environment that matches the food it is serving and the customers it attracts. Food is one of the major factors in determining a restaurant's success. Food, like a restaurant's environment, should mimic its intended style. Customers are the lifeblood of restaurants, and if employees do not make a point to satisfy the customer, the restaurant will see less and less people walk through the doors. When a customer voices a concern, it's both the employee's and manager's job to correct the problem, whether that means recooking the customer's meal or giving him a gift card. Costs. Your key success factors must encompass all the important areas of your business, from finance, marketing and product development, sales and customer service, and human resources. As a small and home business owner, understanding what you must do to make your business a success is the first step to your path to entrepreneurial success.