

RESTAURANT GROWTH IS NO GUARANTEE OF SUCCESS



Opening a restaurant in many countries tends to be quite different from opening most other businesses. Owners tend to care more deeply about the product they are selling, as it is produced on their own premises rather than just dealing with a third party's product. Moreover, restaurants are often family businesses and for some immigrant communities offer one of the only opportunities they have to earn money. However, the romanticism surrounding the restaurant market by no means guarantees success. It is commonly accepted around the globe that a restaurant is more likely to fail than succeed and the statistics back this supposition up.

Within the first three years of opening, 57-59% of restaurants close down due to the lack of business. The main reasons are the owners' lack of understanding of the restaurant market and the relatively non-existent loan culture. Banks are often unwilling to offer loans to restaurants as the success rate is rather low and they are aware that good chefs are often advised to leave by customers in order to start up their own business. The market is too unpredictable for the banks to risk giving out loans.

The risk factor does not stop people opening up take-away outlets and restaurants in the UK. It has been calculated that five new food establishments open in the UK every day. In 2007, 1701 take-away businesses and 1803 restaurants sprung up around the British Isles. Although the vast majority of such places focus on Indian or Chinese cuisine, the trend is now swinging back to the European style of cooking. Traditional British restaurants and Italian food are becoming more popular. However, whatever the style of cuisine on offer, there is of course absolutely no guarantee of success. The new owners must simply hope that their new business falls into the rarer band of successful restaurants.

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