

A SUCCESS STORY OF RESTAURANT ENTREPRENEURS : AN EVIDENCE FROM PHUKET, THAILAND

**Kanpreya Komthong, Chalasin Sangkaew, Tharnitarat Intajit, Todsakorn Chuamor,
Mintra Ngamsap, Maywadee Sanusant, Chidchanok Anantamongkolkul***

Faculty of Management Sciences, Phuket Rajabhat University, Phuket, Thailand

*Corresponding Author: chidchanok.a@pkru.ac.th

Abstract: This study explores the entrepreneurial experiences of local-owned and foreign-owned restaurant entrepreneurs in Phuket, Thailand, with the aim of understanding the underlying drivers of success in a highly competitive hospitality destination. Using in-depth interviews with three key informants—two expatriates and one Thai entrepreneur who migrated to Phuket—the research identified three major themes shaping entrepreneurial outcomes: inspiration of business operation, challenges and challenge management, and social responsibility. The findings reveal that entrepreneurs exhibit strong opportunity-recognition capabilities and effectual decision-making, turning limitations such as migration status and location into competitive advantages. Marketing competence, especially digital strategies and differentiation of value propositions, emerges as central to sustaining competitiveness in a crowded market. Furthermore, the integration of social responsibility into business models from the nascent stage reflects the role of strategic CSR and stakeholder engagement in building long-term legitimacy and resilience. This study contributes to the literature on entrepreneurship in tourism-dependent regions by highlighting the interplay between opportunity recognition, dynamic capabilities, and embedded social responsibility, offering insights for both scholars and practitioners in hospitality entrepreneurship.

Keywords: Modern entrepreneurship Restaurant business Business success

1. Introduction

Phuket is a world-class tourist destination, renowned for its stunning marine scenery and cultural diversity influenced by Thai, Chinese, and Portuguese cultures. Phuket has been recognized by UNESCO as a Creative City of Gastronomy (UNESCO, 2021), reflecting the province's economy driven primarily by tourism, services, and the restaurant sector. Such nomination has led to the popularity of the gastronomy, culinary and food tourism in the destination. Therefore, the restaurant business plays a crucial role in driving the province's economy.

However, the growth of the Phuket restaurant business is highly competitive due to diverse consumer demands for taste, ingredient quality, service, and dining atmosphere. With this regard, businesses must develop operational strategies that meet customer needs and create a differentiation from and higher value than competitors. The success factors for Phuket restaurant operators encompass many dimensions, including the selection of quality and safe ingredients, designing a restaurant atmosphere that aligns with the image and expectations of the target audience, setting appropriate prices, managing costs effectively, and developing personnel skills to ensure high-quality service (Anantamongkolkul & Tonnarn, 2021). Meanwhile, effective management practices, such as systematic strategic planning, flexible

organization, continuous quality control, and adapting to changing business environments, are key elements in fostering business sustainability.

Nevertheless, in an era of rapid business change driven by digital factors, increased competition, and changing consumer behavior, entrepreneurs need to urgently adapt, such as using social media to expand sales channels, developing brands that align with new lifestyles, and utilizing technology in business management (OSMEP, 2023; McKinsey & Co., 2023). To maintain competitiveness and achieve sustainable growth, entrepreneurs in Phuket still face specific challenges, including competition from multinational businesses in the tourism sector and high operating costs. and the shortage of skilled labor in related fields (OSMEP, 2023). In addition, the fluctuating global economy also has a direct impact on the number and purchasing power of tourists, which requires entrepreneurs to develop knowledge, adapt to digital systems, and differentiate themselves with local identity for long-term survival and growth (World Bank, 2024; McKinsey & Company, 2023).

This research provides a greater understanding of factors contributing to the success of modern restaurant operators and compared the business management approaches of Thai and foreign restaurant operators in Phuket. This study will serve as a guideline for the adaptation of modern entrepreneurs in the restaurant business amidst market competition, economic uncertainty, and changes in consumer behavior in the tourism destination.

2. Literature Review

Entrepreneurship in the hospitality sector has been widely studied, with scholars emphasizing the importance of opportunity recognition, adaptive strategies, and socially responsible practices for long-term sustainability. Central to entrepreneurial success is the ability to recognize and seize opportunities in dynamic environments. Shane and Venkataraman (2000) argue that opportunity recognition is a defining characteristic of entrepreneurship, while Sarasvathy (2001) highlights effectuation logic, wherein entrepreneurs create ventures by leveraging available means and networks rather than following a linear, predictive approach. In tourism and hospitality contexts, opportunity recognition often intersects with experience design and cultural trends. Pine and Gilmore's (1998) framework of the "experience economy" underscores the rising importance of staging memorable experiences, which has been extended in hospitality research to explain why entrepreneurs incorporate aesthetic and experiential elements to attract socially connected and media-savvy customers (Oh, Fiore, & Jeoung, 2007).

Beyond opportunity recognition, entrepreneurs in competitive industries rely on strategic and adaptive capabilities to survive and grow. The dynamic capabilities perspective (Teece, 2007) emphasizes the entrepreneurial processes of sensing, seizing, and reconfiguring resources to sustain competitive advantage in rapidly changing markets. In the context of small and medium-sized enterprises (SMEs), agility in marketing and digitalization has become increasingly significant. Morris, Schindehutte, and LaForge (2002) describe entrepreneurial marketing as a practice of creatively leveraging limited resources to achieve differentiation and customer engagement. Recent studies reinforce this view, noting that SMEs must adopt digital platforms, networks, and customer-driven positioning to remain competitive in saturated markets (Wilden, Devinney, & Dowling, 2016). For restaurants in tourism hubs such as Phuket, strategic differentiation and the use of digital marketing tools are critical mechanisms for standing out in crowded markets and maintaining resilience.

A growing body of literature also stresses the role of social responsibility in entrepreneurship. Freeman's (1984) stakeholder theory posits that firms must consider the interests of multiple stakeholders to sustain legitimacy, while Porter and Kramer (2006) advance the idea of strategic corporate social responsibility (CSR), where social initiatives are embedded within business strategy rather than treated as peripheral activities. Within tourism and hospitality, CSR has been linked to enhanced community relations, employee loyalty, and brand resilience (Font, Garay, & Jones, 2016). Moreover, small business owners often integrate social values from the early stages of business formation, drawing from personal experiences and local contexts (Lepoutre & Heene, 2006). In destinations where communities and tourism coexist closely, socially responsible practices such as supporting local employment, environmental stewardship, and community donations are not only ethical commitments but also strategic differentiators that strengthen the social license to operate.

Taken together, the literature indicates that successful hospitality entrepreneurs are characterized by their ability to (1) recognize and create opportunities, often through effectuation and experience design, (2) develop dynamic and marketing capabilities to differentiate in competitive contexts, and (3) embed social responsibility into their business models as a source of legitimacy and long-term sustainability. These perspectives provide a foundation for understanding the entrepreneurial practices identified in this study of restaurateurs in Phuket.

3. Method

The qualitative research design is adopted in this research with a case study approach. The in-depth interviews are utilised with the key informants from one Thai and two foreign restaurant operators in Phuket. Together with the interview sessions, non-participation observation is used. The selection criteria for the case study were new-generation restaurant operators in Phuket, both Thai and foreign, aged 35–40 years with full access to funding, business start-up knowledge, and experience developing products related to restaurant products and services. This is because entrepreneurs aged 35–40 years possess a balanced life experience and work energy, yet possess greater flexibility and adaptability than older entrepreneurs. Furthermore, entrepreneurs in this age group tend to be more successful than those in other age groups (Azoulay et al., 2018). In the context of Phuket, the tourism and hospitality industries are the primary source of income for the area and are highly competitive. Therefore, the restaurant business, a sector related to tourism and hospitality, faces unique challenges, including cultural differences among customers, intense competition, and the need for international quality standards. (Singsomboon, 2016) Therefore, the case study of both Thai and foreign entrepreneurs would reflect the unique characteristics of Phuket as a world-class tourist destination, resulting in more diverse and comprehensive data.

The semi-structured interview guide was developed. The questions focused on key themes including motivation and operations of businesses, challenges, management, and adaptation of businesses and entrepreneurs, and business sustainability. The research utilized thematic analysis, following Braun and Clarke's (2006) approach, to analyze qualitative data. Initial codes were then generated, identifying meaningful data relevant to the research questions using inductive coding. These codes were then grouped together to identify key themes. The later step involved reviewing and refining the themes to ensure internal consistency and clear distinctions between themes. The themes were then defined and labeled to convey meaning.

Finally, the analysis results were presented using direct citations from informants to illustrate each theme.

4. Result and Discussion

The key informants of this research are three entrepreneurs from local owned and foreign owned restaurants in Phuket. Two of them, Mr. E and Mr. R, are expatriates and one, Ms. N, is Thai, migrated to Phuket. One business is located in the heart of Patong beach while the other is in the jungle of the province.

The interview transcripts suggest three key themes underlying the success of the restaurant entrepreneurship from Phuket. Those comprise of Inspiration of business operation, Challenges and challenge management, and Social responsibility.

Inspiration of business operation

The iterative interview transcript analyses have reflect the entrepreneurial capabilities of recognizing and seizing opportunities in a changing context. In the case of Thai entrepreneur, the owner of the restaurant, Ms. N., has expanded her business from a beauty business into a resort that combines accommodation, a spa, and a cafe. She boldly bucked the trend in a prime location but won by designing experiences and engaging in photogenic content that drove demand in the social media era. Meanwhile, Mr. E has migrated from his home country to Phuket, following a push-pull logic (insecurity pushes out, stability pulls in, and opportunity pulls in), and then launched a food business with a partner. This allows limitations (location/migration) to be turned into competitive advantages and creates sustainable growth.

Thailand has developed significantly over the past few years. What I thought was impossible 10 years ago is now experiencing a multitude of new business models. This has completely changed my perspective on Thailand 10 years ago. This happened by chance because Rami, with his experience in the restaurant business, knows everything about doing business here, and he was the one who invited me to join this business." So I decided to work with him. (Mr. E)

The findings illustrate that opportunity recognition and effectual logic are central to entrepreneurial success. Ms. N's pivot from beauty services to a combined resort, spa, and café highlights *effectuation* (Sarasvathy, 2001), where entrepreneurs leverage available resources and create new opportunities through experimentation rather than linear planning. Similarly, Mr. E's migration story, guided by push-pull logics, underscores the role of environmental changes and partnerships in enabling venture creation. Both cases show how limitations—such as being in a non-prime location or navigating migration—are reframed into strategic advantages, resonating with research on entrepreneurial resilience and adaptive capacity (Wenzel et al., 2020). Furthermore, Ms. N's strategy of designing photogenic experiences reflects the principles of the *experience economy* (Pine & Gilmore, 1998), in which businesses increasingly compete by staging memorable experiences, especially in social media-driven markets.

Challenges and Challenge Management

The later theme highlighted in this study refers to entrepreneurial competence in the high competitive business. Sensing, seizing, and reconfiguring are spoken during the interviews. It was found that knowledge and skills in marketing management extremely important for an entrepreneur. Value proposition and marketing differentiation is the key idea for business achievement. Digital marketing strategy is also highly mentioned during the interviews.

The most significant challenge in running a restaurant in Phuket is the high competition. Phuket boasts a large number of restaurants from various countries, providing a wide variety of choices for customers. Therefore, we must clearly identify our strengths, such as emphasizing authentic Arabian cuisine, providing warm service, and stylishly reflecting the culture. Our strategy is to differentiate ourselves and maintain consistent quality. We also focus on online marketing, such as using Google Maps and customer reviews, as well as selecting locations that cater to our target audience, such as near mosques, hotels frequented by Arab tourists, or major tourist attractions. All of this has enabled us to survive and thrive in this highly competitive market. (Mr. E)

Both cases reflect the recognition and seizing of opportunities within the Entrepreneurial Opportunity Theory framework and align with SME research (Wilden et al., 2022) on using technology, networks, and designing market positioning strategies to turn limitations into advantages.

This theme emphasizes the dynamic capabilities of entrepreneurs—*sensing, seizing, and reconfiguring* (Teece, 2007)—to remain competitive in Phuket’s saturated restaurant market. Entrepreneurs must identify niches, differentiate value propositions, and implement robust marketing strategies. Mr. E’s example of positioning authentic Arabian cuisine near cultural and religious nodes illustrates how market segmentation and location choice are critical to survival. Moreover, both cases reflect the strategic use of *digital marketing* tools, such as Google Maps and online reviews, to enhance visibility and attract target customers, consistent with Wilden et al. (2022), who found that SMEs increasingly rely on technology and networks to overcome structural limitations. These insights reinforce that in highly competitive tourism destinations, the ability to integrate marketing management and digitalization into core business strategy is not optional but a prerequisite for success.

Social responsibility

The interview transcript analyses suggest the proactive social responsibility of the key informants. It was found that both cases have integrated the idea of social values since their business nascent stage. The foreign business owner has continuously driven giving back to Thailand and his hometown—supporting mosques, feeding the needy, providing scholarships, and developing cities, planting trees, and establishing food pantries—inspired by his own experiences of hardship during his childhood. “*I understand the hardship of having “no food to eat,” so I focus on donating food rather than giving money.*” (Mr. R). Similar to Thai entrepreneur, Ms.N also established a CSR idea into her business system, including donations to schools and hospitals, generating revenue for local businesses through spa referral commissions, focusing on local employment, and systematically managing waste for the environment. Embedding CSR into business strategy, rather than simply responding to external pressures, aligns with stakeholder and strategic CSR concepts, strengthening the social license to operate. It builds relationships with communities, attracts socially conscious customers, increases employee loyalty, and fosters long-term brand resilience. While revenue may not be immediately apparent, it represents a strategic differentiator that connects both the financial and social capital of the organization.

Finally, the theme of social responsibility demonstrates how entrepreneurs in Phuket embed *strategic CSR* into their business models. Unlike reactive CSR, the proactive approaches observed here—from Mr. R’s philanthropic initiatives rooted in personal hardship to Ms. N’s

integration of local employment, referral commissions, and waste management—align with the stakeholder theory perspective (Freeman, 1984) and contemporary understandings of CSR as a source of competitive advantage (Porter & Kramer, 2006). By embedding CSR from the nascent stage, these entrepreneurs gain social legitimacy and strengthen their “social license to operate.” Such practices not only build trust with local communities but also foster brand loyalty, attract ethically conscious consumers, and enhance employee retention. This resonates with recent studies suggesting that *CSR in SMEs* contributes to long-term resilience, even if short-term financial returns are not immediately visible (Baumann-Pauly et al., 2013).

5. Conclusions

The study demonstrates that entrepreneurial success in Phuket’s restaurant industry is shaped by a combination of opportunity recognition, adaptive strategies, and social responsibility. The Thai entrepreneur, by pivoting from a beauty business to a resort and café, illustrates how effectuation and experience design create unique customer value in the social media era. Expatriate entrepreneurs, on the other hand, exemplify the push–pull migration logic, where instability in the home country and opportunities in the host destination interact with local partnerships to create viable business ventures. Across cases, the entrepreneurs’ ability to sense, seize, and reconfigure resources highlights the importance of dynamic capabilities, particularly in addressing intense market competition. Differentiation strategies, coupled with digital marketing and targeted customer engagement, are critical tools for survival and growth. Importantly, embedding social responsibility into business operations, from supporting local communities to environmental management, provides not only social legitimacy but also long-term brand resilience.

Overall, the findings suggest that entrepreneurship in tourism-dependent regions such as Phuket requires more than operational excellence: it requires an entrepreneurial mindset that transforms constraints into opportunities, leverages technology and networks, and sustains community trust through proactive responsibility. Future research may expand on these insights by examining how such practices evolve over time, particularly in response to external shocks such as global crises or shifts in tourism flows.

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