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College of Management
Master of Project Management



Project Success and Failure in Saudi Arabia's Retail Industry

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Introduction

Retail plays a vital role in Saudi Arabia's economic transformation as part of Vision 2030. As one of the fastest-growing non-oil sectors, retail contributes significantly to GDP, employment, and investment diversification. Several studies indicate that Saudi retail is undergoing structural changes, including rapid digital adoption, expansion of lifestyle-oriented malls, and greater regulatory oversight related to labor, Saudization, and commercial licensing. Prior literature also emphasizes challenges such as project delays, increased operational costs, and uncertainty associated with market demand.

Given these dynamics, projects in the Saudi retail sector face heightened complexity, requiring improved management practices that align with national economic goals. This study introduces the context, summarizes key findings from earlier research, and highlights the need for a rigorous academic examination of retail project performance. The introduction provides a scientific foundation for analyzing success and failure factors in a market that blends policy-driven reforms with evolving consumer behaviors.

Study Problem

Despite rapid growth in Saudi retail, many projects fail to meet expected performance outcomes, resulting in losses, delays, and operational difficulties. Previous scholars have highlighted causes such as weak risk planning, regulatory non-compliance, unclear project scope,

insufficient digital readiness, and talent shortages. However, the majority of these studies focus on construction or IT sectors rather than retail.

The absence of localized, retail-specific research presents a problem for project managers operating in Saudi Arabia. Without evidence-based guidance tailored to Saudi regulations, cultural expectations, and market behavior, decisions are often made using generalized global models that do not fit the unique retail context. This study addresses the gap by identifying detailed challenges faced by retail project teams and examining how these challenges affect the target community of managers, consultants, and developers operating in Riyadh, Jeddah, and Dammam.

The Importance of the Study

Scientific Importance:

1. Enhances academic understanding of project performance in retail, an under-researched sector in Saudi Arabia.
2. Integrates national transformation variables—Vision 2030, Saudization, and digital maturity—into project management research.
3. Contributes comparative insights by linking global theories with local market realities.

Practical Importance:

1. Enables project managers to identify the most influential drivers of retail project success and failure.
2. Supports organizations in improving planning, budgeting, customer experience integration, and execution practices.
3. Helps policymakers interpret how regulations influence operational outcomes and investment decisions in retail markets.

Objectives of the Study

Main Objective:

- To identify and analyze the main factors influencing success and failure in Saudi Arabia's retail projects.

Sub-Objectives:

- To evaluate the impact of strategic alignment, leadership practices, and regulatory compliance.
- To measure how digital maturity and omnichannel capabilities influence project results.
- To examine the effect of Saudization and workforce policies on schedules and budgets.
- To design a predictive model that assesses project readiness and risk exposure.

Study Questions

- What are the primary factors affecting the success and failure of retail projects in Saudi Arabia?

Successful project delivery in the Saudi retail sector is largely influenced by several critical factors:

- Ensuring that projects are strategically aligned with national initiatives like Vision 2030, thereby supporting broader goals such as economic diversification and social development.
- Demonstrating capable leadership and fostering active stakeholder involvement, which enhance communication, transparency, and effective decision-making.
- Meeting key regulatory requirements, especially regarding Saudization policies and municipal permits, which directly influence project timelines and operational approvals.
- Maintaining a high degree of market responsiveness, where organizations that swiftly adapt to shifts in consumer behavior, technological trends, and commercial real estate dynamics perform better than those with inflexible strategies.

-In what way does omnichannel integration influence the effectiveness of digital investments on customer experience?

Omnichannel functionality serves as a critical link between digital transformation efforts and enhanced customer experience by:

- Allowing customers to interact effortlessly across physical locations, mobile platforms, and websites, which increases convenience and personalization.
- Enabling visibility into real-time inventory and offering flexible fulfillment solutions like in-store pickup and home delivery, which raise service standards.
- Integrating data from various channels to support personalized marketing, targeted product suggestions, and customer loyalty

programs, all of which significantly enhance customer satisfaction.

Projects that achieve high levels of omnichannel integration tend to show a stronger connection between digital investments and improved performance in customer experience metrics, such as Net Promoter Scores.

-What consistent themes emerge from recent examples of successful and unsuccessful retail projects across grocery, fashion, and specialty segments?

Patterns of success often involve:

- Engaging stakeholders early and using agile project methodologies to remain adaptive and responsive.
- Ensuring the retail environment reflects the brand's identity, especially crucial in fashion and niche retail sectors.
- Implementing realistic scopes and strong risk mitigation strategies from the outset.

On the other hand, common pitfalls among unsuccessful projects include:

- Inaccurate demand forecasting or overestimated foot traffic relative to initial feasibility assessments.
- Project scope expansions introduced late in the development phase, often due to external pressures.
- Ineffective coordination between physical infrastructure and digital platforms, resulting in disjointed customer experiences.
- Regulatory setbacks stemming from inadequate compliance with labor or zoning rules.

These trends highlight deficiencies in strategic foresight, execution planning, and collaborative management across the project lifecycle.

How can project leaders successfully incorporate Saudization goals and customer experience (CX) standards without disrupting timelines and budgets?

To balance regulatory labor requirements and high CX expectations, project managers should:

- Integrate Saudization objectives into the early stages of human resource planning, coordinating with HR teams to ensure staffing strategies align with project timelines and deliverables.
- Collaborate closely with customer experience designers during the planning phase to ensure that customer journey insights inform both store design and digital interface elements.
- Adopt modular or phased implementation approaches, allowing for small-scale testing and refinement before fullscale rollout, minimizing delays and budget overruns.
- Involve regulatory authorities and local community stakeholders early in the project to preempt delays caused by compliance issues and ensure smoother approval processes.

Projects that treat Saudization and customer experience as foundational design components—rather than last-minute additions—are far more likely to be completed on time and within financial targets.

Previous Studies and Theoretical Framework

Global Research on Critical Success Factors (CSFs)

According to Pinto and Slevin (1988), key determinants of project success that apply universally include strong leadership, welldefined project scope, and active stakeholder involvement. The Project Management Institute's PMBOK Guide (7th Edition) further expands on these by emphasizing the importance of achieving value realization and employing flexible governance structures suited to changing project environments. **Retail-Specific Insights**

- IMARC (2025) attributes successful retail outcomes in Saudi Arabia to effective brand portfolio management and the application of data-driven inventory practices.
- Knight Frank (2024) points to the role of immersive shopping experiences, readiness for digital payments, and the integration of food, beverage, and leisure elements in elevating the performance of high-end malls.
- In a regional context, Oliver Wyman (2024) notes that grocery retail success in the UAE and Saudi Arabia hinges on a product mix focused on customer value and the use of AI for demand forecasting.
- S&P Global (2025) warns of the potential risks associated with oversupply in the retail real estate sector and recommends the adoption of revenue-sharing lease arrangements to mitigate financial strain.

Findings from Failure Cases

Studies examining unsuccessful retail projects in Riyadh frequently highlight problems such as uncontrolled scope expansion, underdeveloped risk management frameworks, and limited input from end users during the planning stage. Additionally, reports from human rights organizations reveal labor violations in large-scale developments, which point to deeper governance issues that can lead to project delays and damage to organizational reputation.

Theoretical Framework

This research combines two established frameworks: the Iron Triangle (focused on time, cost, and scope) and the Success Dimensions model by Shenhar and Dvir, which evaluates project performance through efficiency, customer impact, business success, and long-term readiness. To tailor this model to the Saudi context, three localized constructs are introduced:

Construct	Definition	Supporting Source
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Vision 2030 alignment	The extent to which project goals contribute to national diversification efforts	Centuro Global (2025)
Saudization compliance	The degree to which projects meet mandatory national workforce requirements	QuestSearch (2025)
Omnichannel capability	The level of seamless integration across in-store, mobile, and online platforms	Visa/Arab News (2024)

Theoretical Premises of Study

The theoretical premises of this study aim to provide a clear conceptual foundation for understanding the factors that influence the success and failure of retail projects in Saudi Arabia. This section explains the key concepts, definitions, and variables related to the research, ensuring that the reader gains a comprehensive understanding of all components before moving to the analytical and empirical sections.

1. Vision 2030 Alignment

Definition

Vision 2030 is a national transformation plan designed to diversify Saudi Arabia's economy, reduce dependence on oil, encourage private-sector growth, and improve business sustainability.

Relevance to Retail Projects

Retail projects aligned with Vision 2030 typically prioritize:

Economic diversification

Improved customer experience

Increased operational efficiency

Job creation for Saudi nationals

Digital transformation and innovation

Why It Matters

Projects that support Vision 2030 goals tend to receive:

Faster regulatory approvals

Stakeholder support

Higher investment feasibility

Long-term strategic relevance

Thus, alignment enhances project stability and increases success potential.

2. Omnichannel Maturity

Definition

Omnichannel maturity refers to the degree to which a retail organization integrates physical and digital channels to provide a seamless customer experience.

Key Elements

Unified customer data (online + offline)

Integrated logistics and inventory

Consistent pricing and promotions

Cross-channel customer service

Why It Matters in Retail Projects

High omnichannel maturity:

Increases ROI on digital investments

Enhances customer satisfaction

Reduces service gaps

Strengthens operational efficiency

Projects lacking omnichannel readiness may suffer from:

Poor platform integration

Customer dissatisfaction

Inventory management challenges

3. Saudization Compliance

Definition

Saudization (Nitaqat) is a government policy requiring businesses to employ a specific percentage of Saudi nationals.

Impact on Retail Projects

Saudization compliance affects:

Staffing levels
Hiring timelines
Budget planning
Training and development needs
Operational continuity
Why It Matters
Projects that integrate Saudization early:
Avoid penalties and business interruptions
Receive easier license renewals
Maintain stable operations
Improve social impact performance
Projects that neglect Saudization may face:
Delays
Unexpected costs
Staffing shortages

4. Risk Planning

Definition of Risk

Risk refers to the possibility of an undesired event occurring that may affect project objectives related to time, cost, scope, or quality.

Types of Risks in Retail Projects

Financial Risks — changes in cost, price fluctuations, budget overruns

Operational Risks — delays, supply chain disruptions

Regulatory Risks — non-compliance with government requirements

Market Risks — customer demand changes, competition

Technological Risks — system failures, integration problems

Risk Classification

Risks may be classified according to:

Nature of the project (e.g., digital, construction, service)

Source (external vs. internal)

Probability and Impact (high, medium, low)

Sources of Risk

Government regulations

Vendor reliability

Market volatility

Labor availability

Technical complexity

Risk Management Steps

Risk Identification

Listing all potential risks that could impact project success.

Risk Analysis

Assessing probability and impact using qualitative or quantitative tools.

Risk Response Planning

Developing strategies such as avoidance, mitigation, transfer, or acceptance.

Risk Monitoring and Control

Tracking risks throughout the project life cycle and adjusting responses as needed.

Why It Matters

Effective risk planning reduces:

Cost instability

Delays

Operational errors

Performance failures

And increases:

Project predictability

Stakeholder confidence

Success rates

Methodology and Research Methods

A convergent mixed-methods approach is used to strengthen the reliability and depth of findings.

1. Research Design

This study utilizes a **convergent mixed-methods approach**, enabling the collection of both quantitative and qualitative data concurrently, with integration occurring during the analysis and interpretation phase.

2. Quantitative Component

- Survey of 250 project managers, consultants, and stakeholders across major Saudi cities.
- Variables analyzed include strategic alignment, digital maturity, Saudization, risk management, and project outcomes.
- Analytical methods include Exploratory Factor Analysis, Confirmatory Factor Analysis, and Structural Equation Modeling.

- **Survey Tool:** A structured questionnaire featuring 45 Likertscale items, adapted from established CSF instruments and customized to align with Saudi Arabia's legal and regulatory environment. A pilot test ($n = 25$) will be conducted to ensure clarity and reliability.
- **Sampling Frame:** The target sample includes project managers, sponsors, and consultants operating in Riyadh, Jeddah, and Dammam. Participants will be selected across various retail formats (e.g., grocery, fashion, specialty, and ecommerce), with a target of 250 responses to ensure statistical power for SEM analysis ($\text{power} > 0.8$).
- **Key Variables:**
 - Independent Variables (IVs): Degree of strategic alignment, leadership effectiveness, Saudization compliance, omnichannel maturity, and risk management proficiency.
 - Dependent Variables (DVs): Schedule variance (in percentage), budget variance, customer experience (CX) Net Promoter Score (NPS), and three-year return on investment (ROI).
- **Data Analysis Procedures:**
 1. Exploratory Factor Analysis (EFA) to validate construct structure.
 2. Confirmatory Factor Analysis (CFA) for measurement model verification.
 3. Structural Equation Modeling (SEM) via AMOS or SmartPLS to evaluate hypotheses H1–H4.

4. Multi-group analysis to compare differences by city and retail format.

- **Reliability & Validity Metrics:**

- Reliability: Cronbach's Alpha ≥ 0.7 ; Composite Reliability ≥ 0.8 .
- Validity: Average Variance Extracted (AVE) ≥ 0.5 ; Heterotrait-Monotrait Ratio (HTMT) < 0.85 .

3. Qualitative Component

- Six case studies representing both successful and unsuccessful retail projects.
- Data from interviews, project documentation, and field observations.
- Thematic analysis used to identify recurring patterns.
- **Case Selection:** Six retail projects will be purposefully selected to maximize variation in type, scale, and geographic location—three deemed successful and three unsuccessful.
- **Data Collection:** In-depth qualitative data will be sourced from approximately 25 semi-structured interviews, as well as key project documents including charters, risk logs, postimplementation reviews, and site visit observations.
- **Analysis Methods:**
 - Thematic analysis using NVivo for qualitative coding.
 - Cross-case comparisons to identify commonalities and contrasts.
 - Triangulation with quantitative results using joint display matrices to strengthen validity.

4. Ethical Considerations

- **Confidentiality:** All participating firms will be protected under non-disclosure agreements (NDAs), and findings will be reported without identifying information.
- **Informed Consent:** Participants will provide written consent and will retain the right to withdraw at any stage.
- **Data Security:** All data will be securely stored in encrypted formats following university data protection protocols.

5. Research Timeline (Gantt Overview)

Timeline

Qualitative Data	Interviews and document collection	Months 4–6
Phase	Activities	(Months 1–12)
Proposal & Ethics	Proposal approval, ethics clearance, pilot survey	Months 1–2
Quantitative Data	Survey distribution and followup	Months 3–5
	Statistical modeling, coding,	
Analysis Phase		Months 6–9
	synthesis	
Writing &	Drafting chapters and supervisor	Months 9–11

Review feedback

Final

Proofreading, viva preparation Month 12

Submission

Study Tools

1. **Survey questionnaire** online and paper
2. **Interview guide:** open-ended questions covering strategy, execution, tech, policy, and lessons learned.
3. **Document-analysis checklist:** Scope statement, WBS, risk register, change logs, post-mortems.
4. **Secondary data extraction sheet:** KPIs sales trackers,

All instruments will undergo **expert-panel validation** (3 academics, 2 industry practitioners) and a **pilot test** (Cronbach's α report).

Study Limitations

- **Data Access Constraints:** Gaining access to detailed financial performance indicators may be challenging due to confidentiality concerns among private sector firms. This will be addressed through triangulation techniques and the use of non-disclosure agreements (NDAs).
- **Study Design Limitation:** The cross-sectional nature of the research restricts the ability to draw conclusions about changes over time. Future studies are encouraged to adopt a longitudinal approach to track project outcomes more effectively.
- **Response Bias Risk:** Participants, particularly those involved in underperforming projects, may be inclined to underreport challenges or failures. This limitation will be mitigated by cross-verifying responses with project documentation and ensuring respondent anonymity.
- **Limited Generalizability:** The findings are most relevant to high-growth, policy-driven emerging markets like Saudi Arabia. Caution should be studied when applying the results to more mature or structurally different economies.

Conclusion:

By integrating robust project-management theory with sector-specific imperatives—Vision 2030 alignment, Saudization, omnichannel CX—this research will generate a predictive framework and practical toolkit to enhance project outcomes in Saudi retail. Beyond academic value, the study equips practitioners to navigate oversupply risk, digital disruption, and regulatory complexity, ultimately contributing to non-oil GDP growth and diversified employment.

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