

SATOV

SATOV

[www.satovconsultants.com](http://www.satovconsultants.com)



**MICHELIN** GUIDE

# Michelin Guide for Restaurants

March 2023

# Recent news headlines piqued my interest in this topic



The New York Times

## Noma, Rated the World's Best Restaurant, Is Closing Its Doors

The Copenhagen chef René Redzepi says fine dining at the highest level, with its grueling hours and intense workplace culture, has hit a breaking point: "It's unsustainable."



FOOD

## One of the Bay Area's only three-Michelin-starred restaurants is closing after 20 years



Elena Kadwany

Nov. 7, 2022 | Updated: Nov. 7, 2022 8:52 a.m.



Toronto

### Toronto's food scene is getting a place on the coveted Michelin map – in a Canadian first



'Time will tell' if guide reflects diversity of city's culinary offerings, says food writer

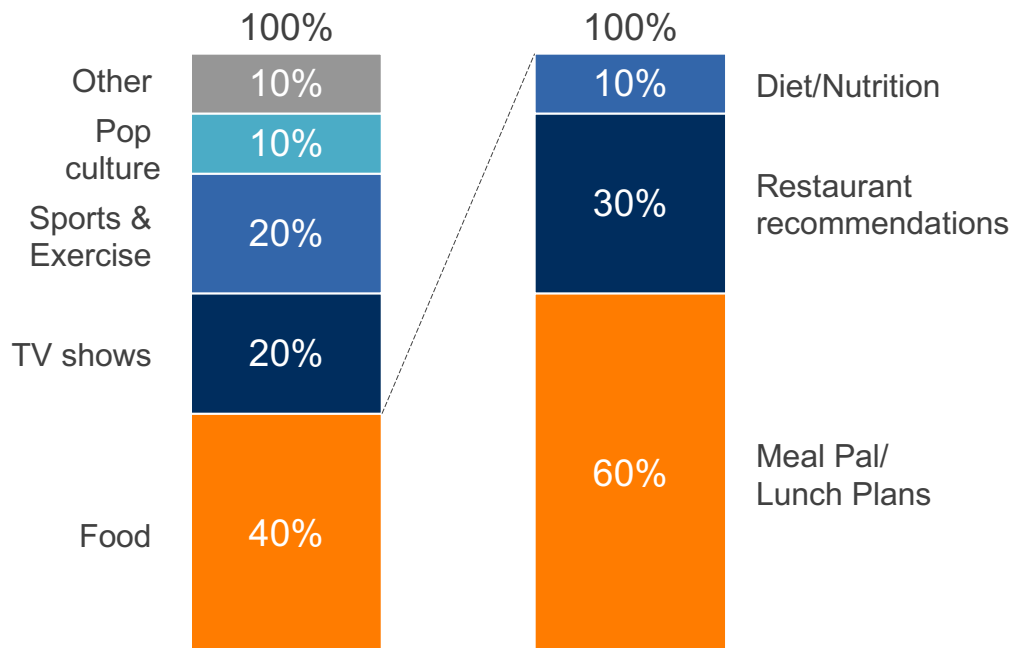
CBC News - Posted: May 10, 2022 1:56 PM EDT | Last Updated: May 10, 2022

# SATOV's junior team is filled with gourmands

Estimated

## Share of non-work-related conversations in the SATOV pit

% OF TALKING TIME, 2023 YTD



### Sample quotes

*"Anyone else meal-palling today?"*

*"I found this crazy deal at this amazing place downtown; you have to check it out."*

*"We need to make a restaurant tracker for the office."*

# Agenda

Overview of the Michelin Guide

Benefits of Michelin Stars

Criticisms of Michelin Stars

Michelin Dining in Toronto

# Overview of the Michelin Guide

# Overview of Michelin stars

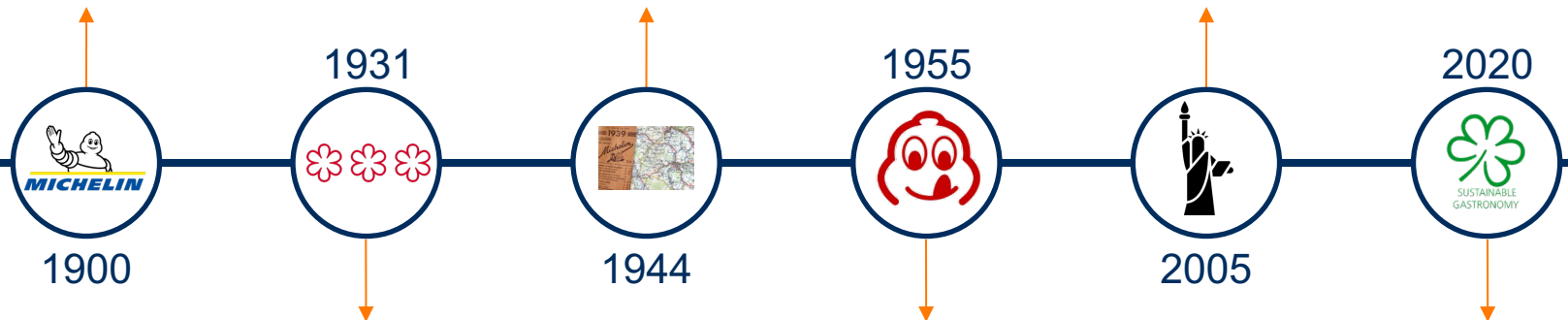
**Michelin Guide** is an annual guidebook published by French tire company Michelin which rates restaurants and hotels in several countries across the world

**Michelin Stars** are awarded to restaurants which offer outstanding cooking. In addition to seeking new restaurants, Michelin continually reassesses existing restaurants to ensure they are meeting the standards required for the award

Michelin Tire founders André & Edouard Michelin created the guide with the goal to create demand for automobiles and thus tires

Old issues are reprinted to provide updated maps of France to the allied forces. Michelin imposes two-star limit in new issue due to food shortages

First North American issue published covering New York City



1900

1931

1944

1955

2005

2020

Three-star rating system for restaurants introduced (and still used today)

Bib Gourmand award for “exceptionally good food at moderate prices” added

Green star award introduced to celebrate sustainable gastronomy

# There are 5 Michelin awards a restaurant can receive

	Rating	Description	Criteria
	<b>3 Michelin Stars</b>	“Exceptional cuisine, worth a special journey!”	Given for the superlative cooking of chefs at the peak of their profession; their cooking is elevated to an art form and some of their dishes are destined to become classics
	<b>2 Michelin Stars</b>	“Excellent cooking, worth a detour!”	Awarded when the personality and talent of the chef are evident in their expertly crafted dishes; their food is refined and inspired
	<b>1 Michelin Star</b>	“High-quality cooking, worth a stop!”	Awarded to restaurants using top-quality ingredients, where dishes with distinct flavours are prepared to a consistently high standard
	<b>Bib Gourmand</b>	“Exceptionally good food at moderate prices”	Awarded to restaurants offering menu items priced below a maximum by local standards. <i>(Believed to be \$60 for two courses + wine or dessert in Toronto)</i>
	<b>Michelin Green Star</b>	“Culinary excellence with outstanding eco-friendly commitments”	Awarded to restaurants that are role models when it comes to sustainable gastronomy



# Michelin star criteria

## Michelin Universal Criteria



Quality of ingredients



Mastery of flavour and techniques



Harmony of flavours



Personality of the chef as expressed through their cuisine



Consistency both across the entire menu and over time

## Michelin Inspector Core Values

**Anonymity:** Inspectors remain anonymous to ensure they do not receive any special treatment

**Independence:** Inspectors are employees of Michelin group and no other organizations. Inspectors pay for their meals in full to ensure independence

**Expertise:** Inspectors must be experts in the hospitality industry, with years of working experience

**Reliability:** Michelin stars are given by a collective of inspectors who visit an establishment multiple times

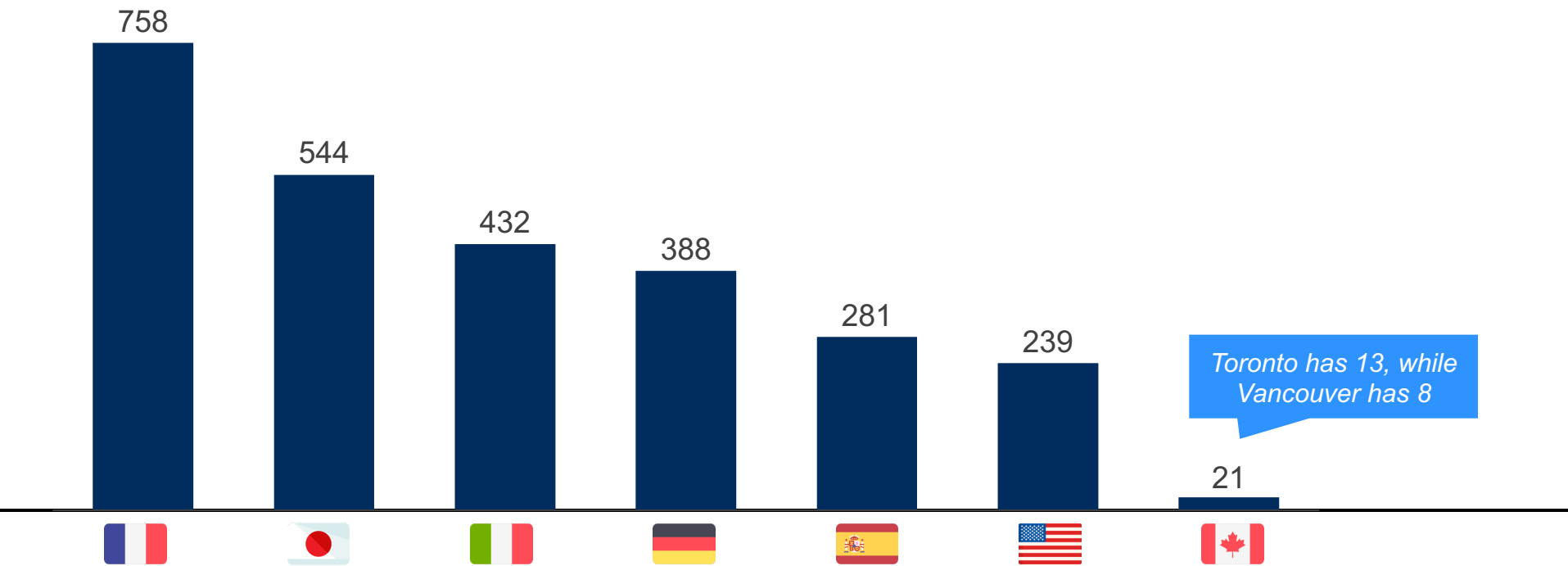
**Quality:** Any restaurant can be reviewed for the guide if it has high enough quality based on the 5 restaurant rating criteria

Interior décor, table setting, or service quality are not taken into consideration when awarding stars

# France, Japan, and Italy offer the most Michelin dining experiences

## Michelin-starred restaurants by country

# OF RESTAURANTS, ALL STAR RATINGS



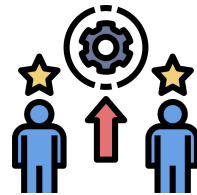
# Benefits of Michelin Stars

# Receiving a Michelin star has its perks



## Prestige & recognition

- Michelin stars are considered by many to be the highest award a chef can receive
- Being awarded a star leads to increased media attention, social media exposure and word-of-mouth marketing



## Better talent attraction

- Being awarded a Michelin star allows restaurants to attract better waiters, chefs, sommeliers, etc.
- This can help the restaurant maintain the quality required for a Michelin star



## Increased revenue and profits

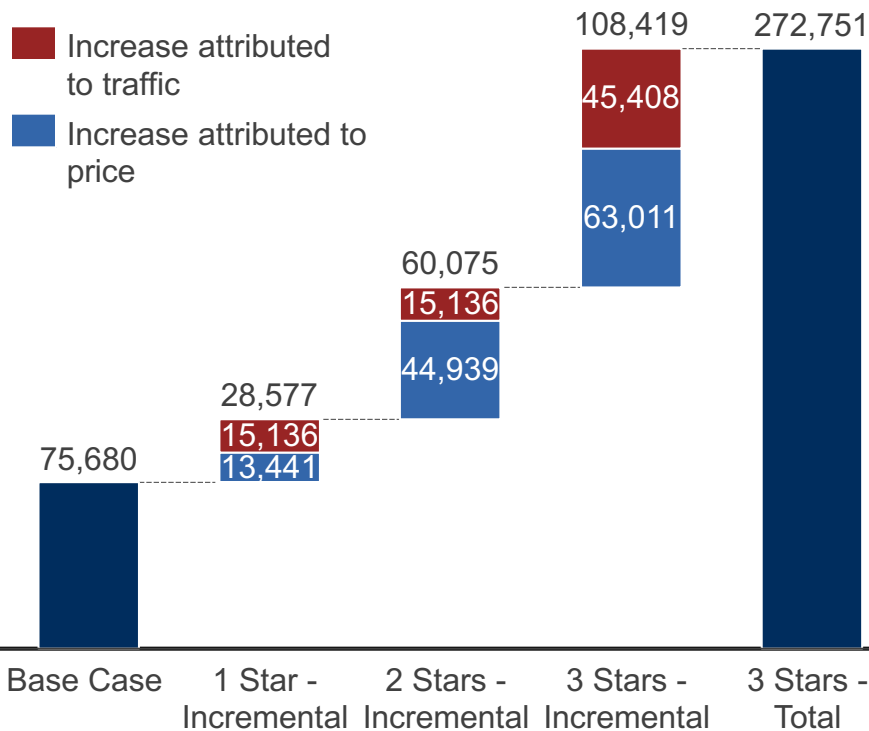
- Receiving a Michelin star leads to an increase in foot traffic
- The restaurant may be able to charge more due to a shift to higher-end clientele

# Michelin star awards could provide a meaningful lift to restaurant revenue

Preliminary

## Estimated weekly revenue impact of Michelin stars on Richmond Station

\$CAD



### Assumptions

Seating Capacity: 60

Initial Avg. Cheque Size: \$86 p.p.

Avg. Dining Time: 1.5 hours

# of open hours: 44 hours/week

Initial avg. occupancy: 50%

Price increases: 14.8% (one-star), 55.1% (two stars), 80.2% (three-stars)

Footfall increases: 20% (one-star), 40% (two stars), 100% (three-stars)

Note: Price increase assumptions are based on NYC data controlled for neighbourhood and cuisine

Sources: BBC, Stanford Economics Review

# Criticisms of Michelin Stars

# Michelin stars can be costly for restaurants



## Increased expenses

- Specialty dishes may not scale well with higher demand
- To maintain “Michelin” standard of dining, restaurants may invest in wine, décor, and longer menus, which can cut into profit margins



## Overemphasis on consistency

- Restaurants may forgo experimentation to maintain consistency, leading to stagnation
- Chefs may burn out due to mundane feeling of work



## Increased pressure & scrutiny

- Similarly, Michelin stars can add performance pressure to chefs and staff
- Diners and other food critics (e.g., food bloggers) may elevate expectations after star is awarded



## Risk of losing star

- Losing a star can signal a reduction in quality to consumers
- Former Irish restaurant Conted saw its profits decline 76% after losing its star

# Restaurateurs find meeting the guide's expectations challenging

*“With Michelin dining you might need **one chef spending his entire day preparing a single dish**. You need incredibly attentive service and certain types of ingredients. All this is **very expensive to maintain** and puts an **enormous stress** on a small family-run business like ours.”*

**Wendy Matheson, Boath House (UK)**

*“[The work] is **backbreaking**. Fine dining is at a crossroads, and there have to be huge changes. The whole industry realizes that, but they do not know how it's going to come out.”*

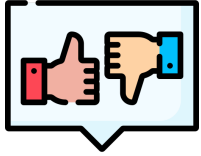
**David Kinch, Manresa (California)**

*“It's unsustainable. **Financially and emotionally**, as an employer and as a human being, **it just doesn't work**.”*

**René Redzepi, Noma (Denmark)**



# External pressures may impact the long-term viability of the guide



## Criticism and backlash

In addition to criticism from industry experts, the guide has also been criticized for being viewed as elitist, and non-diverse due to its heavy focus on French and Japanese cuisines



## Competition from other guides

A plethora of other rating guides such as the “World’s 50 Best Restaurants” and the ubiquity of Yelp!, TripAdvisor, and Google reviews threaten Michelin’s efficacy



## Globalization of cuisine

Increased availability of global cuisine, particularly for those in major cities, may reduce the desirability of travel to Michelin locations



## Macroeconomic impact

It is estimated that Michelin loses ~\$24 - 30mm annually on the guides, so if current conditions persist and impact the business, the guides may be reduced or cancelled altogether

# Michelin Dining in Toronto

# Toronto's 13 Michelin starred restaurants (1/2)

Name	Location	Rating	Cuisine	Price	Reservation Information
<a href="#"><u>Sushi Masaki Saito</u></a>	<b>Yorkville</b> (88 Avenue Rd)		Japanese	\$680 p.p.	<a href="#"><u>Book on Tock</u></a>
<a href="#"><u>Aburi Hana</u></a>	<b>Yorkville</b> (102 Yorkville Ave)		Japanese	\$380 p.p.	<a href="#"><u>Book on Tock</u></a>
<a href="#"><u>Alo</u></a>	<b>Fashion District</b> (163 Spadina Ave)		Contemporary French	\$225 p.p.	<a href="#"><u>Book on Tock</u></a>
<a href="#"><u>Alobar Yorkville</u></a>	<b>Yorkville</b> (162 Cumberland St)		French	Entrees \$42 - \$110	<a href="#"><u>Book on Tock</u></a>
<a href="#"><u>Don Alfonso 1890</u></a>	<b>Harbourfront</b> (1 Harbour Square)		Italian	\$140 - \$220 p.p.	<a href="#"><u>Book on OpenTable</u></a>
<a href="#"><u>Enigma Yorkville</u></a>	<b>Yorkville</b> (23 St Thomas St)		Contemporary European	\$230 p.p.	<a href="#"><u>Book on OpenTable</u></a>
<a href="#"><u>Edulis</u></a>	<b>Fashion District</b> (169 Niagara St)		Mediterranean	Dinner \$185, lunch \$85 p.p.	<a href="#"><u>Book on Tock</u></a>
<a href="#"><u>Frilu</u></a>	<b>Thornhill</b> (7713 Yonge St)		Contemporary Canadian	\$260 p.p.	<a href="#"><u>Book on Tock</u></a>

# Toronto's 13 Michelin starred restaurants (2/2)

Name	Location	Rating	Cuisine	Price	Reservation Information
<a href="#"><u>Kaiseki Yu-zen Hashimoto</u></a>	<b>North York</b> (6 Garamond Ct)		Japanese	\$350 p.p.	<a href="#"><u>Book on Tock</u></a>
<a href="#"><u>Osteria Giulia</u></a>	<b>Yorkville</b> (134 Avenue Rd)		Italian	\$110 p.p. or entrees \$27 - \$130	<a href="#"><u>Book on OpenTable</u></a>
<a href="#"><u>Quetzal</u></a>	<b>Kensington</b> (419 College St)		Mexican	\$100 p.p. or entrees \$39 - \$150	<a href="#"><u>Book on OpenTable</u></a>
<a href="#"><u>Shoushin</u></a>	<b>Lawrence Park</b> (3328 Yonge St)		Japanese	\$330 p.p.	<a href="#"><u>Book on Tock</u></a>
<a href="#"><u>Yukashi</u></a>	<b>Davisville Village</b> (643a Mt Pleasant Rd)		Japanese	\$250 p.p.	<a href="#"><u>Book on OpenTable</u></a>