RESTAURANT AWARDS AND FINANCIAL REWARDS: MICHELIN

Adeline Alonso Ugaglia¹ & Olivier Gergaud²

Abstract

In this paper we use original financial data about 73,873 restaurants located in France to assess the impact that famous Michelin restaurant awards have on some key economic and financial indicators such as employment, profitability, level of debt, investments, costs structure, etc. The panel structure of the dataset over a 10-year period of time (2002 – 2012) allows us to characterize the evolution of these indicators as a function of the awards either received or removed.

Michelin is the major source of information used by consumers in France and in many other countries which is based on the famous three-star system. This guide is known to play a major role in the business of restaurants and chefs see Michelin stars as a major achievement in their career.

To do so, we merged the master dataset described above with three Michelin lists for 2005, 2006 and 2007. These lists which stand exactly in the middle of the sample period contain valuable information about the evolution of the quality standard of each restaurant in the database. We particularly focus our attention on the investments needed to get promoted as well on the financial consequences of a demotion.

To the best of our knowledge, this is the first time we are able to characterize the financial impact that restaurant awards have on restaurants from an extensive dataset.

¹ Bordeaux Sciences Agro, 1, cours du Général de Gaulle, CS 40201 - 33175 Gradignan Cedex, France. E-mail: adeline.ugaglia@agro-bordeaux.fr
² KEDGE - Bordeaux Business School (Research Cluster for Creative Industries), 680 Cours de la Libération, 33405 Talence Cedex, France. E-mail: olivier.gergaud@kedgebs.com.