The Influence of Evaluations over the NYC Restaurant Industry

by

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<u>Introduction</u>

How do organizations respond to reviews and evaluations from critics and customers? I investigated this question, which is part of an emerging area of research in strategic management and organizational theory, because reviews and evaluations influence organizations in many industries. However, I focused on one industry—the restaurant industry—for several reasons. First and foremost, the industry provides a good empirical setting because restaurants contribute significantly to the economy. They represent $825 billion in national sales and employ 10% of the U.S. workforce; therefore, the restaurant industry is highly influenced by economic trends and consumer behavior (National Restaurant Association, 2019). If the economy takes a hit, often restaurants do as well. Fine dining is often considered a luxury, so if consumers find themselves with tighter pockets, often dining at higher-end restaurants is one of the first activities to be eliminated from their consideration set. In addition, both reputation and quality carry substantial weight in the industry, especially for upscale restaurants, which face many market threats, including competitive rivalry, new entrants, and powerful buyers. For these reasons, evaluations and reviews play an important role in influencing a restaurant's ability to attract and sustain business.

Reviews in general have always been important to society and in regulating business activity. Reviews are third-party evaluators that can influence decisions made by consumers and market activity through the information that they provide (Sands, 2019). Third parties can shape value creation and influence network relationships, and they do this through "bargaining effects" and "attentional affects" (Cattani et al., 2017). Reviews have attentional effects on businesses when they call attention to a business and improve it visibility, or not call attention to it and decrease its visibility. For certain types of businesses, any type of exposure can be beneficial, and third parties can aid with this. Reviews also have bargaining effects, which means that they tell stories and describe certain factors that can affect a consumer's willingness to interact with the product or business. Because of these effects, third-party evaluators, such as reviews, influence behavior within markets.

Evaluations are important in regulating business activity and consumer behavior. They hold businesses accountable for their services and products by forcing them to strive for accolades, such as Michelin or New York Times Stars, and produce at a certain standard in order to survive. Consequently, reviews and the ever-present threat of a possible positive or negative evaluation, which is made public to society, can have a significant impact on the decisions made by business owners.

The book *Critics, Ratings, and Society: The Sociology of Reviews* analyzes the impact that ratings and evaluations have on businesses, and more specifically, restaurants. It states, "Reviews are a mechanism through which social status is made publicly visible. They can make reputations" (Blank, 2007, p.1). Because credible reviews display powers of persuasion and influence over people's thoughts and action, reviews establish reputations for the products and

people being evaluated. Evaluations can propel people and products into stardom or destroy them.

Grant Blank, the author of the book, mentions, "Two themes are relevant: the influence of reviews on sales, and the highbrow-lowbrow differences" (2007, p. 5) When reviews are credible, such as the Michelin Guide, they seem to have an even more notable impact on sales and the ability to separate highbrow businesses from lowbrow business. Reviews make social status visible and create status hierarchies. Within the restaurant industry specifically, social status is made visible when restaurants receive evaluations from credible reviewing platforms. When restaurants receive favorable reviews or awards, the restaurants can be boosted into a highbrow status position. However, negative reviews can diminish them to hold lowbrow statuses. It is an honor for restaurants to receive evaluations and any recognition from some of the more elite forms of evaluations, such as the Michelin Guide and the New York Times. A simple acknowledgement from these evaluators can cause a restaurant to climb the status hierarchy by giving the restaurant's name recognition. However, a lack of reviews from certain evaluators can cause restaurants to drop in the hierarchy due to a lack of exposure or recognition, which makes evaluations a necessity for many restaurants.

Blank defines reviews as the following: "Reviews differ in that they do not just summarize; they also evaluate. They summarize the qualities of an item for an audience and they evaluate the extent to which the item meets a purpose for the particular audience" (2007, p. 7). Blank later explains, "Reviews supply frames to help audiences understand products. The core task of review frames is to explain how products and attributes can be interpreted so that audiences connect them to personal uses, needs, and desires" (2007, p. 27). Therefore, while reviews can be a powerful marketing tool to match consumer's wants and needs to reliable

products, they also create mental frames in the minds of consumers before they even have a chance to interact with the products. Customers may have personal preferences and imagine interactions before experiencing products firsthand. Reviews can tell consumers what they should like and what they should buy, and people listen to credible reviews as a way to determine their own preferences. One of the interviewed chefs said that people started to come into his restaurant asking for a certain dish because the New York Times raved about it, but he did not consider this dish to be his best one.

Furthermore, reviews are even more prominent and useful in today's world. People are more likely to travel to remote places, which eliminates physical distance as a barrier, and mass media reaches globally (Blank, 2007, p. 198). Reviews that are both credible and globally recognized, such as the Michelin Guide, are even more powerful and tend to become an elite form of evaluation. Blank explains, "Reviews create status hierarchies that people use to sort and limit their choices to make decisions easier and faster. The location of a product in status hierarchy becomes of central importance…reviews replace physical distance with status distance" (2007, p. 198). Because distance is no longer a limiting factor, people have access to products from all over the world, so they look to reviews to determine which products are best to buy and how products rank in regard to other similar ones. Therefore, reviews and evaluations hold critical roles within society and in regulating economic activity among businesses. People consult credible reviews in order to rank products and reduce the risk of spending money on unacceptable products.

I chose to focus on the New York City restaurant scene because of my current location as a student at New York University and the contacts that I was able to make within the city. I conducted interviews with restaurateurs and chefs, which I used as my research tool, in order to

gain qualitative information from the people closest to the restaurant industry and learn from their first-hand experiences. I focused on interviewing restaurateurs and chefs from higher-end restaurants because I wanted to investigate how credible and elite evaluators, such as the Michelin Guide and New York Times, affected decisions made by restaurant owners and certain trends within the industry. All of my interviewees had experience being evaluated by the New York Times and/or Michelin Guide. In the process of my research, I found that upscale restaurants have to pay attention to social media in addition to the more elite evaluators, which makes them more susceptible to evaluations from the majority of the population, and this is a change that has taken place over the last couple of years within the industry. This paper will examine how credible forms of evaluations may influence the decisions made by restaurateurs and chefs and if the decisions they make to maintain certain evaluations may at times prove more harmful for their business.

The Credibility of Different Evaluators Among Higher-End Restaurants

Evaluations have always played a critical role in shaping the restaurant industry. While interviewing one chef, he expressed that there is a need for evaluations of restaurants because "all evaluations ground you." He referred to them as "a system of checks and balances." Because the sample population of interviewed restaurateurs included more high-end/upscale restaurants, they all mentioned paying attention to similar reviewers. They listed Zagat, the New York Times, and the Michelin Guide as the most influential forms of evaluation, whereas the Michelin Guide held the most "clout," as one chef said, because of its global reach. They mentioned Yelp! as a platform for evaluating businesses, but they collectively distrusted it for its reputation to spread false information and its lack of credibility. One Michelin Star-awarded chef stated, "I

promised myself that I would never read Yelp! Ever. Actually, especially because even before we even opened, we got a negative review." Another chef said, "We never look at Yelp because I feel like it's an abuse tool." Chefs explained that often one cannot tell if a Yelp! review was posted by a competitor or someone inside the business itself, and people with more extreme opinions are more apt to post on the site.

Despite the restaurateurs' beliefs that Yelp! is unreliable, since chefs question the trustworthiness of its reviews, consumers still seem to turn to Yelp! when choosing restaurants. This disregard of Yelp! reviews may not signal how all, or even most, restaurants feel about Yelp!, since my sample population included restaurateurs and chefs from higher-end restaurants. My interviewees all received evaluations from more credible reviewers, such as the New York Times, Zagat, and the Michelin Guide. Therefore, they most likely chose to focus on those reviews, which have the ability to create status hierarchies because of their prominence and visibility. However, restaurants that are not upscale and have not had the opportunity to be evaluated by those types of reviewers may be more likely to pay attention to Yelp!. Upscale restaurants are fortunate enough to have more exposure to different types of ratings available on the Internet than just Yelp!, and they see more positive attentional effects from these third-party evaluators. Conversely, if Yelp! is the only rating available on the Internet for a restaurant to gain visibility, chefs and restaurateurs must pay attention to it, since consumers will use it as a way to form opinions.

The New York Times holds credibility as a form of evaluation. However, one chef expressed his distrust in the New York Times because these reviews are often done by a single person, who can be influenced by personal biases or beliefs. If one person does not understand the type of cuisine or the cultural nuances of the food, he/she may write a review that is not

consistent with most people's experiences, who may choose the restaurant because they understand the food more. Additionally, the restaurateur mentioned that he has reviewers write opinionated pieces that hurt the restaurant's overall reputation because of negative feelings towards staff members, even though the evaluation is not grounded in the reviewer's experience with the food. Despite these potential biases, the New York Times still holds authority among restaurateurs and customers. Biased reviews can severely hurt a restaurant's business and reputation because evaluations influence the likes and dislikes of its readers, or the consumers. One chef said, "People come in asking for the 'trendy' food that they saw on TV, in a review, or now on Instagram, instead of trying food and making their own judgements." This statement further shows the power of evaluations, since they can persuade people's palates and preferences before those people even have the chance to try the food themselves.

The Michelin Guide seems to be the most influential and authoritative form of evaluation. Gaining a Michelin Star is a major goal that many chefs set out to achieve. One restaurateur said the following about the effects of gaining a Michelin Star, "That kind of changed everything for us, where people started coming in, and you know, actually eating what the guide was telling them to eat in terms of the Malay food. Before that it was mostly green curry Pad Thai and noodles -- that would be the top seller." There is a consensus among the chefs that the Michelin Guide is the elite form of evaluation that they would be most apt to acknowledge. Gaining a Michelin Star is an immense honor for these chefs and owners, and the chefs consider receiving a star as the most elite form of evaluation, which can also be attributed to its global presence. The Guide is also more trustworthy because a group of professional critics often performs the evaluation instead of just one individual, as is done with the New York Times.

Additionally, Zagat is informative within the restaurant industry because it is more general and simply provides the ratings with no extra dialogue about the restaurant or experience. Restaurateurs believe Zagat to be less biased because it solely displays rankings of certain categories without any added diatribes. Even if the rankings are biased, people only see a number instead of a written explanation as well, which decreases the severity of a bad review and removes the risk of long, opiniated pieces.

Decisions in Direct Response to Evaluations

The restaurateurs repeatedly expressed the need to pay attention to evaluations, with one saying, "Those were very important to us as a business. Yes, certainly…we waited for them to come out...I think it is important to make sure that you do well there." However, there were mixed responses when asked if chefs would make changes or adjustments based on reviews. One said that it is important to just be on one's "A-game" at all times, highlighting the importance of consistency by saying, "The key is consistency, and with [receiving a] good reviews, means [accepting the added] pressure to maintain consistency. I told my staff not to pay attention and just always put their best foot forward and be consistent." With the recognition of an impressive award, such as a Michelin Star, comes much pressure to continue performing at that top level. However, pressure can affect people psychologically and potentially cause irrational and rash decisions to cope with the effects. The chef continued his statement by mentioning that his Public Relations team would constantly ask him what his goal was in terms of reviews and would advise him to make decisions based on his goal in mind. Therefore, even though the chef himself tried to avoid choices made in direct response to reviews and instead highlighted consistency as his main goal, he had a team of people who monitored evaluations and used these

reviews as a benchmark, which he should strive to meet. Once a goal is set, it often stays in one's mind by creating the desire and pressure to attain it, so people subconsciously tend to make decisions in pursuit of goals. Even if restaurateurs do not explicitly admit to making decisions in response to evaluations, they do seem to make decisions in pursuit of goals based on these evaluations, which is what gives the evaluations influence over their actions.

Another chef who denied making changes based on reviews stated, "I pretty much wasn't going to change the way I cooked due to outside influence. That being said, yeah, I do think all those things can be very important for business. I think they can drive customers to the restaurant et cetera." Even though this chef did not upright admit that she made decisions based on evaluations or wanting a certain accolade, she still felt pressure to attaiin a certain review status because of the power that evaluations have over regulating business activity. This pressure was a common theme among all the interviewees. Even if the restaurateurs do not specifically acknowledge the sway that reviews have over their decisions, they recognize its influence over customers' actions, and in turn over owners' and chefs' subconscious decision-making processes. Many of the restaurateurs mentioned a Public Relations team that monitored the results of critic reviews. One restaurateur said that he knows firsthand that PR ensures restaurateurs make decisions based on evaluations, so even if chefs and restaurateurs do not want evaluations to affect their choices, they receive pressure from other forces to allow it.

The Michelin Guide's Influence as a "Tastemaker"

The Michelin Guide has reigned as "the most influential taste maker," as it has been accepted by the most accomplished chefs in the business (Lane, 2011, p. 342). Christel Lane describes "taste makers" as "highly influential individuals or social groups who, by laying down

the rules of what constitutes good or legitimate taste, may strongly influence aesthetic and economic identifications and practices among both consumers and producers of cultural products" (2011, p. 343). In other words, evaluations such as the Michelin Guide have the power to influence consumers' and producers' tastes and what they perceive as "good," even in the sense of culture and which types of cultural influences are accepted within the food industry. Because of the problematic implications of this notion, the Michelin Guide has received pushbacks over the years for its exclusion of more diverse culinary practices and its tendency to favor French food, whether that be the classical haute cuisine or the more modern nouvelle cuisine. Studies have shown that even though chefs express a willingness to include more diverse cultural influences within their dishes with many wanting to stay true to their own culinary traditions, most chefs remain rooted in French haute and nouvelle traditions (Lane, 2011, p. 353). Lane even mentions that chefs tend to avoid hybridization, or the mixing of cuisines, even among French haute and nouvelle cuisines (Lane, 2013, p. 713). These decisions that are made to adhere to the Michelin Guide's idea of what is "good" may be subconscious due to the Guide's influence over society's tastes throughout time, or it may be a tactical decision in response to a lack of "ethnic restaurants"--such as Indian, British, and German cuisine-- having a presence in the two-star and three-star categories (Lane, 2011, p. 354). Therefore, when considering practices that restaurateurs adopt in response to evaluations or in the process of trying to maintain a certain rating, chefs may choose to remain loyal to the principles of French cuisine instead of trying different flavors. The chefs who do decide to branch out and explore hybridization or more ethnic cuisines may do so because they respond to more diverse types of evaluators than just the gold star of the Michelin Guide.

Many of the chefs interviewed relayed the challenges faced while juggling the maintenance of a high-end restaurant with their desire to make the type of cuisine they want. One restaurateur mentioned, "Evaluations in everything is always good, but sometimes there is a little bit of bias because [evaluators] don't like something about that cuisine or person or group...or because a cuisine is different than what they expected, they don't understand cultural differences." Chefs sometimes have to face the challenging decision of whether to compromise to please and prepare foods that are more favorable to the palates of evaluators, or to prepare the type of food that they want to make. Therefore, there are negative effects in placing too much emphasis on evaluations, especially if evaluations have the power to change one's way of cooking, or the chef's "bread-and-butter," in order to fit a mold of what they think evaluators prefer to taste. The same restaurateur added, "You can't put the rules of French cooking on different cooking styles and say [that way of cooking] is wrong. Each culture has its own technique, and you can't put French culture into China or Indian. Just because you don't understand a different culture does not mean you can impose your own on their cuisines...One person's opinion is just that. It's only one person's perspective on the palate and how they view that type of cuisine. They either get it or they don't. It's sad when they don't get it." However, that seems to be easier said than done, since restaurateurs and chefs then have to bear the negative consequences by not conforming to the cultural norm or food that "evaluators get."
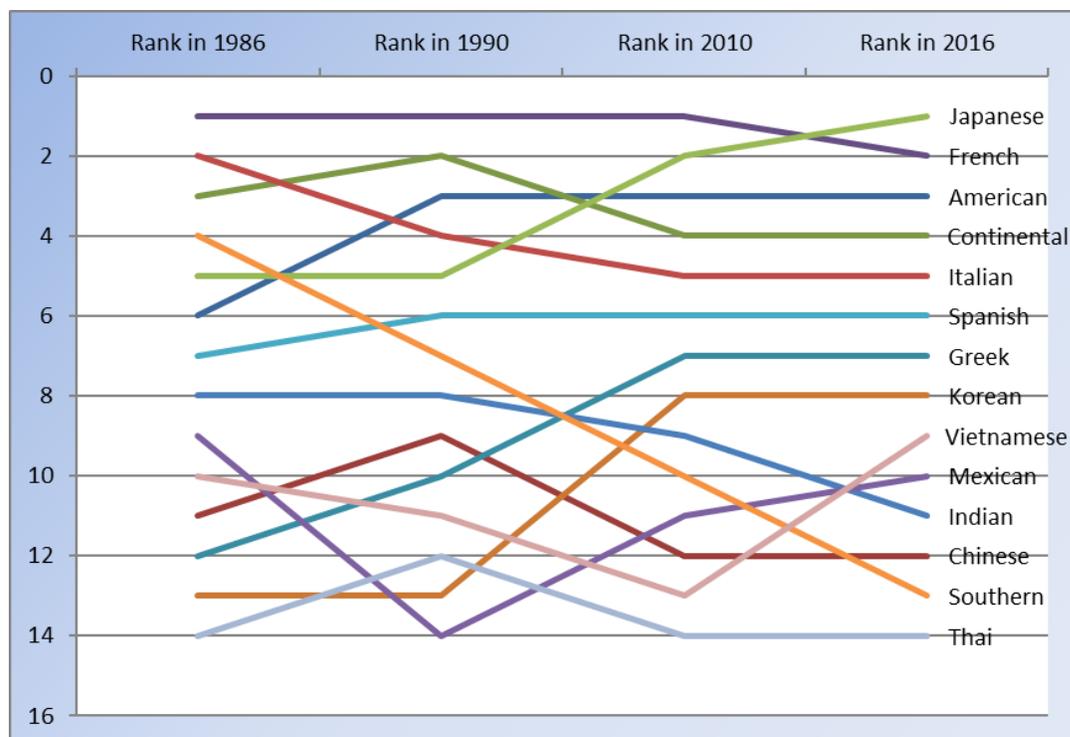
One restaurateur mentioned that a possible reason reviews favor French food is because it tends to be easier to keep consistent than other types of cuisines. The reason for this is that each dish is prepared similarly and simultaneously, and this consistency is advantageous, since chefs do not know when evaluators, such as the Michelin Guide, New York Times, or Zagat, come into the restaurant. Other cuisines, such as Indian food, are harder to prepare similarly each time

because the food can neither be made simultaneously nor by the same chef. Each dish is different. The restaurateur explains, "Our food is not French. So in French food, you'll have other sauces where they'll make four or five other sauces, and that's your base and everything comes out through there and the restaurant is plating. With our food, everything is cooked on a wok and everything is cooked fresh right away…When you're cooking on a wok, even if it's the same sauce, the hand of the person is different. So if I cook a noodle dish, the same exact noodle dish that the person right next to me is cooking, even though we're using the same ingredients, it's going to be slightly different. So it becomes a really, really tough challenge in order to keep it up and make sure that everything is the way you wanted it to be." The chef seemed to feel pressure that he was not conforming to mainstream high-end French food and recognized the impact that it could have on evaluations. However, he made the choice to stick to making the food that he wants and knows, and this decision seems to have been prosperous for him, as he has kept his Michelin Star.

"Hierarchy of Tastes"

Krishnendu Ray, a Professor of Food Studies within NYU's Steinhardt School, studies cultural preferences of food among regions over time, as well what consumers are willing to pay for those foods. The graph below (see fig. 1) depicts his research. As he explains, "In it I ranked cuisines by average price in the NYC restaurant market over 30 years. It is based on Zagat data on the price of a meal for one, with a glass of wine, along with taxes and tips." Ray refers to this ranking as the "hierarchy of tastes" and shows its pattern of change from 1986 through 2016. The cuisines are given a number ranking from 1 through 14 in descending order of price. 1 is the type of cuisine that Americans are willing to spend the most money for and has the highest

percentage of pricey restaurants, and 14 is the type of cuisine that Americans are willing to spend the least amount of money for and has the smallest percentage of pricey restaurants. Ray explains, "Only 2% of Indian restaurants in major American cities are upscale while most are cheap eateries. Most Americans are unwilling to pay good money for cuisines other than French, New American, Japanese, and Italian." Because credible evaluators, such as the Michelin Guide and the New York Times, influence the preferences of American consumers, it makes sense for Ray's data to show that Americans are willing to spend more money on French, New American, and Japanese food, since the influential evaluators favor these cuisines. Ray's data confirms that Americans justify higher prices when attending these types of restaurants but are unwilling to spend that type of money on other cuisines. If the Michelin Guide truly is a "tastemaker," then the types of cuisines that the Michelin Guide categorizes as high-end would also be what Americans consider upscale, and the data supports this claim. Americans are willing to spend more money for the cuisines ranked higher within the "hierarchy of tastes," and these cuisines are also the ones that the Michelin Guide has been known to review more positively and more often. The data also seems to support the struggle to gain or maintain a Michelin Star for those restaurants ranked lower on the chart.

Rank in 1986	Rank in 1990	Rank in 2010	Rank in 2016	
				Japanese
				French
				American
				Continental
				Italian
				Spanish
				Greek
				Korean
				Vietnamese
				Mexican
				Indian
				Chinese
				Southern
				Thai

(Fig. 1)

The chefs interviewed confirmed the fact that certain cuisines, such as French, New American, and Japanese, tend to be what Americans consider as upscale and what review guides prefer when awarding stars. One particular chef explained how he wanted to operate a high-end Indian restaurant, but he recognized that there was a lack of these types of restaurants in the industry. He described his dream as "making Indian food approachable to the mainstream." He wanted to establish a fine-dining Indian restaurant at the start of his career, which was in the early 2000s, but he did not think that people would accept an upscale Indian restaurant then. He confirmed that people would be unwilling to pay higher prices for Indian food at that time, so he opened a more casual Indian dining place first. However, as he became a more recognized restaurateur, and Indian restaurants grew in popularity in New York City, he decided to become a first mover in the space of high-end Indian restaurants. He recognized an increase in demand for this type of cuisine and lack of supply. However, he noticed that people were still unwilling

to spend large sums of money on purely Indian restaurants, so he decided to instead create the upscale dining experience that was more comparable to what consumers typically expected to find with just the food itself being Indian. He opened a fine-dining restaurant that happened to sell Indian food instead of an "Indian restaurant," and because of this subtle difference, he was able to gain recognition among the Michelin Guide. The restaurateur explains,

> "I had to make it not an Indian restaurant. There were not any fine-dining Indian restaurants. There was space for upscale, high-end Indian food. I wrote my first mission statement as, 'I want to open a restaurant which serves Indian food but not an Indian restaurant.' I want the food on your table to be Indian but that is the only thing that is really Indian. Everything else is comparable to the high-end restaurants people expect and go to: high-end drinks, atmosphere, and service, whether that be Japanese, American, French, or Italian. I want to give really good Indian food but also great wine, great drinks at the bar, and a great atmosphere. I want people to look at it differently, as not just an Indian restaurant. The goal is to give people the option where you can eat Indian food, with the plate [of food] not being Italian, French, or American, but the atmosphere is familiar to what they expect of high-end restaurants."

The restaurateur was able to differentiate himself by providing the type of food he wanted, which was unique compared to other upscale restaurants, where the food was typically French, Italian, or American instead of Indian. However, he found success because he provided people with the experience and atmosphere that they expected and were willing to pay for, and in the process, he gained recognition from elite evaluators, such as the Michelin Guide. This story supports Ray's "hierarchy of tastes" and also depicts

a decision that restaurateurs may make in order to gain recognition within the industry and from reviewers.

"Popularity and Prestige of Restaurants" in NYC

Another interesting piece of Krishnendu Ray's research is his quantitative analysis of the "Popularity and Prestige of Cuisines" in New York City. This research shows that New York City tends to favor cuisines where a smaller percentage of them are on the pricier end. Chinese and Mexican restaurants rank at the top in popularity in New York City, whereas only 2% and 6% of these restaurants are on the pricier end (Fig. 2). However, these types of cuisines rank in the bottom 4 within the "Hierarchy of Tastes" (Fig. 1). French restaurants also rank in the bottom 6 within the ranking of popularity (Fig. 2), whereas French restaurants rank at the top within the "Hierarchy of Tastes" (Fig. 1). Therefore, even though elite forms of evaluations tend to favor more upscale and pricier restaurants, these restaurants may not be what the masses consider as the most popular cuisine. This analysis also supports one of the interviewees claims that higher-end restaurants have smaller margins, which can also make them hard to sustain in the long-run. Even though upscale restaurants gain recognition, they seem unable to sell consistently enough to the majority of consumers because of their higher priced food, which makes their restaurant appear more like an attraction for holidays and special occasions than a location to consistently eat dinner night-after-night. This topic will be further developed in the next section of this paper.

Popularity and Prestige of Cuisines: NYC
Krishnendu Ray
Yelp: April 2019, Y-axis Cuisines in Descending Order of Popularity; X-axis as % of restaurants within the category; data on the right-hand side in Green % as Pricey (a surrogate for prestige); Cuisines with very small number of restaurants excluded
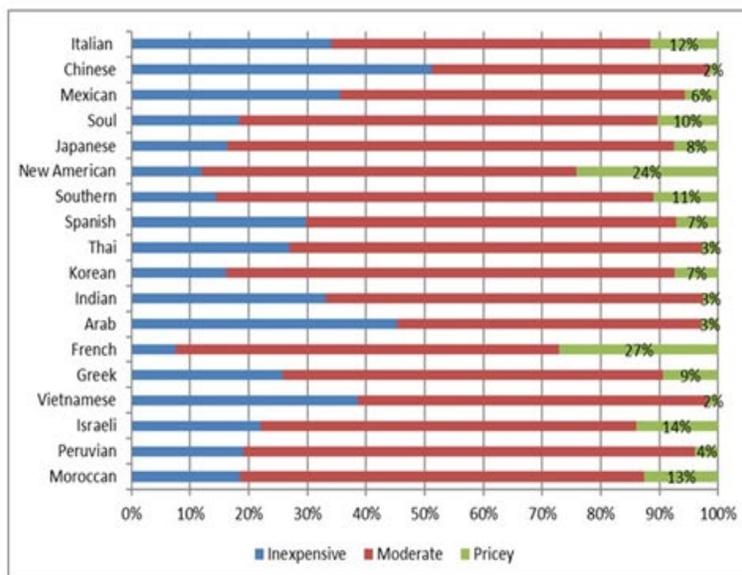
(Fig. 2)

The Michelin Guide's Influence of Decisions and Negative Impact

Despite the recognition that receiving a Michelin Star places on the restaurants and chefs, the Michelin Guide's award may actually have an adverse effect on restaurants. Because the Guide has reigned as the benchmark a restaurant should reach to be considered upscale, this accolade can powerfully persuade the choices of chefs and restaurateurs (Lane, 2011, p. 359). Gaining a specific rating is a motivating factor for many workers in the restaurant industry. However, receiving a Michelin Star also leads to increased pressure to perform every night and the need to incur higher costs in order to maintain its status. One restaurateur stated, "Once the star comes in, now you're doing it to satisfy the standard of the Michelin Guide as opposed to

your own. So it kind of changes your approach. It changes, sometimes it takes the fun out of it. Because there's so much pressure and there's so much detail that goes into every little dish."

Receiving a Michelin Star does correlate positively with long-term increases in that chef's reputation and career, as well as a boost in business during the first year after receiving the accolade. Restaurateurs say that Michelin Stars "change the way people look at [their] food" and that low star or no star ratings have negative impacts on the business. However, there is also a trend within the restaurant industry that when restaurants gain a Michelin Star, they become more likely to close (Sands, 2019). Research suggests that after receiving Michelin Stars, chefs often face an increase in pressure to maintain that star and make decisions that they assume would help keep the star or gain another one, which is a task that requires "constant vigilance" (Lane, 2011, p. 359). They feel a pressing need to have "all round excellence" (Lane, 2011, p. 360). One of the decisions that restaurateurs tend to make in order to appease these evaluations is to increase their financial investment in the business, which also raises costs. For many restaurants, the will to gain another Michelin Star, or even just to maintain the one already earned, requires upgrades to service and staff, wine collections, supply networks, and atmosphere. These measures can be financially depleting. It can lead to restaurants finding themselves trapped in hole of debt that would be hard for any business to crawl out of but especially restaurants, since they operate in an industry where consumer behavior is uncertain and dependent on the economy. Additionally, because quality and reputation carry substantial weight in the restaurant industry, especially for upscale restaurants, the loss of a Michelin Star results in "a serious loss of business, jeopardizing the chef's reputation and income" (Lane, 2011, p. 360). Michelin Star ratings are highly unstable and losing a Michelin Star leads to a 50

percent decrease in sales for the restaurant and a hit to the chef's reputation (Johnson et al., 2005, p. 173).

A Michelin Star can present restaurants with a two-sided dilemma. Restaurateurs may choose to invest the money needed to maintain the spike in business and reputation, which could be attributed to the positive evaluation. In the process of doing this, the restaurateur may find the business to no longer be sustainable long-term, or the restaurant may still not meet the qualifications to maintain the star next year, which would most likely lead to bankruptcy and the inability to pay loans for the restaurant with the increase of costs and fall in business and reputation. Restaurateurs also mentioned that even though the accolade brought in an increase in first year sales, there was less of an effect in the second and third year. The "quick bump" that then evens out can be even more harmful for some as they incur a large increase in costs to cover the new popularity which does not stand long-term. This follows the economic theory of multiple equilibria, since even though the Guide creates a spike in popularity at first, the benefits even out over time. The restaurateurs are then left with increasing costs and flat-lining revenues. Some restaurateurs may not find it worthwhile to invest the money needed to maintain the accolades, and then they face the fear of losing business and damaging their reputation if they lose the star next year. It is no wonder that chefs and owners find themselves under enormous stress under the looming power of an evaluation's ability to make or break their business.

One restaurateur described his experience of losing a Michelin Star as the following:

"After we got a Michelin Star, we decided to do just two seatings. It was a
big mistake for the restaurant because they wanted to plate everything at the same

time but did a lot less covers. It wasn't a [good] business decision. The number of covers went down but they were raising the prices to try and make up for it. We also added new bigger tables to make it more comfortable… People would show up late and miss a course or not want to be home so late on a weeknight. Our chef thought that the food was better though-- at least he thought we could maintain a higher level of quality with the dining experience by focusing on two settings. Once you get one Michelin Star, you want to get two [Michelin Stars]. No one is really happy where they are. They would look at other Michelin Star restaurants and wanted the food to be better to get to the next level, which went into their decision for the 6pm and 9pm only seatings. They [the chefs] thought 'what's different about those places? Why couldn't we start to do that?'…It was hard to make the math work. Our bread and butter would have been every half hour and we could have kept that going forever. The margins get worse when you are at the very high-end of beer and food, but that's what they needed [to stay competitive with the top tier restaurants]."

This anecdote reveals several trends that seem common among the interviewees. After gaining a Michelin Star, the food has to be priced higher to cover the increase of costs incurred in order to maintain the newfound popularity. When the price of the food rises, the restaurant becomes more of an attraction for special occasions or holidays instead of a consistent restaurant choice in consumers' consideration sets. It lacks the security of serving a steady stream of regular customers every night. The restaurant also attracts more tourists, which are unreliable compared to local customers. The interviewees confirmed that Michelin Star restaurants struggle

to maintain a regular customer base, since many times the demographic that they attract are more likely to travel.

When restaurants increase their prices in order to compensate for the increase in costs, the higher prices squeeze the demographic that the restaurant appeals to, which makes it hard to be profitable enough to cover costs when they do not sell enough food. Therefore, even though Michelin Stars come with recognition and esteem for the restaurants, if costs become higher than the revenues brought in, the overall business becomes unprofitable. One restaurateur expressed this phenomenon as a major drawback of operating an upscale restaurant, saying, "The margins are so much smaller, and smaller margins are just a thing for all high-end ingredients." Even if restaurants are able to increase their prices, they may end up selling to less customers and overall doing less business.

The restaurants also tend to do fewer covers overall, which sometimes is a purposeful decision made to preserve the quality of the food of each dish. However, this type of decision places the food as a form of art above the restaurant as a business, and it is still important for the business to make enough sales a night to support the profitability of the business. If a restaurant does fewer covers, the owner may find itself unable to support the high-caliber staff that is needed for a Michelin Star restaurant.

Additionally, a new competition pool for restaurants typically emerges after gaining a star. The restaurateurs view other Michelin Star restaurants as their competitors, placing significant emphasis on those that have more stars. Some may try to mimic the styles of the two- and three-star restaurants in the attempt to gain that extra star, forgoing their own "bread-and-butters" that have made them so successful.

Therefore, not only unfavorable evaluations can be dooming, but also the positive accolade of a Michelin Star can often lead to business closures. The new pressure to live up to these high expectations can take a psychological toll on the business owners and chefs (Johnson et al., 2005). One chef said while reflecting on his 3-star status, "It is important to be aware that we can only go down...How will we accept this situation psychologically? And this will have financial implications too" (Johnson et al., 2005, p. 175). The stress before making a meal can be compared to that of competing in a professional sport (Johnson et al., 2005). Therefore, depending on how the chefs choose to cope with the pressure, it could lead to a downward spiral, mental instability, impaired judgement, or risky business decisions. All of these effects could be reasons why gaining a Michelin Star would lead to a restaurant's closing instead of ultimate success.

One restaurateur provided the following story about his experience after gaining a Michelin Star and the burden that he felt of maintaining it:

"All of a sudden, we went from being not a busy restaurant and to being in everybody's eye and being overly scrutinized…We had two sides, where somebody was saying, 'Oh, we're so glad that Malaysian food finally got its recognition.' And on the other end, they were like, 'Oh, we can go in this place that received a Michelin Star.' So it was kind of like a heavy burden to bear. And then it keeps you on your toes because you want to keep that star and you want to consistently keep trying new things and keep going up and hopefully not disappointing. Because expectations go higher when you see somebody with a star as opposed to just in your restaurant…It was really crazy. Basically, we were working seven days a

week, over 16 hours a day. And no days off. No vacations, no nothing. It was pretty

much like living in the restaurant."

He felt pressure to keep serving excellent food and not disappoint the customers who have higher expectations about the food. Furthermore, the extra time spent working, as described in the anecdote, can lead to more pressure and stress as well.

Many chefs fund their restaurants with their own savings. In a sample size of 22 restaurants, 10 of those chefs cited personal savings as their means of funding the restaurant (Johnson et al., 2005, p. 178). Consequently, this personal investment in the business can create even more pressure to succeed in order to maintain one's entire financial wellbeing. As a restaurant is awarded a star, the need to maintain that star causes the labor and food costs to sharply increase, leading to many of these restaurants becoming unprofitable (Johnson et al., 2005). Without a manager to take care of the internal costing system and focus on the business part, restaurants may struggle to earn enough to survive. Therefore, even though Michelin Stars come with recognition and esteem for the restaurants, if costs become higher than the revenue brought in, it still becomes unprofitable.

One of the choices chefs tend to make in response to evaluations in caring solely about the "art" of the food, as in the creation and aesthetic of the food, instead of the business and profitability side. The chefs often "give precedence to their 'art' rather than to the money side of the business," even though managing the financial side of the business becomes increasingly more important as a chef gains a Michelin Star (Johnson et al., 2005, p. 180). There seemed to be mixed reviews on how this decision plays into the profitability of the business. One chef stated, "It [the restaurant] was an art project at some level. So no, I mean, I didn't get into it thinking

about business. I mean, I did- you have to. But at the same time… Yeah, I don't know." Focusing on the art instead of the cost structure of the business could lead to troubles, such as the mistake of purposefully doing fewer covers in a night to preserve food quality, as previously mentioned.

Another restaurateur mentioned that it is easier for a Michelin Star restaurant to remain open and maintain the star when the chef is also the owner. When the chef differs from the management team, he/she is more likely to abandon the business venture, which leads to higher turnover rates for these Michelin Star-awarded chefs. Additionally, when restaurants gain a Michelin Star, the entire restaurant staff receives recognition, and staff members are more likely to get poached by other restaurants or projects. This higher turnover then leads to a lack of consistency in food, which causes more disappointed customers and inconsistent ratings, since most customers have higher expectations for the pricey and award-winning restaurants. However, when the chef and owner are the same person, the chef is less likely to leave because the restaurant is their own project, and the food is more likely to maintain consistency and please customers.

The Rise of Social Media as an Influence

While literature recognizes that "the Michelin Guide remains remarkably influential world-wide," over the past couple of years, there has been a significant trend toward the "democratization in certain culinary practices," such as reviews (Vasquez and Chik, 2015, p. 246). Chefs and restaurateurs mention significant effects that more democratized evaluations have on restaurants since people gravitate towards what evaluators highlight as being "in." One restaurateur summed up this trend of democratization by saying, "Everyone who comes into the restaurant gives a review in their own mind. 300 diners, all 300 diners are unique critics." When

every customer is a reviewer, chefs may feel more pressure to deliver a consistently good meal and experience.

Because of social networking, restaurants now find themselves being reviewed by a myriad of different sources on different platforms. Social media has emerged as a credible way to review and promote businesses, and this has been a more recent trend in the industry. This emergence of social media as a platform for evaluations has shifted some of the power back to the masses, since people regularly check social media on a daily basis. Anyone can write or post a review with platforms such as Instagram, Twitter, and even Yelp!. It spreads the benefits found from third-party evaluator's attentional effects to many more businesses and allows businesses to reach consumers worldwide.

For restaurants specifically, the rise of social media influencers and food bloggers have been noteworthy for not only how restaurants are evaluated but also how people interact with their food. One restaurateur said, "Social media is good because it takes power away from reviewers like the New York Times and gives it back to the masses…Michelin Guide still has a lot of clout and holds it because it is so big across the world…[But] People seem to follow social media more than reading the New York Times. This is great because it gives restaurants the ability to portray themselves how they want." Nowadays, anyone can be a critic with a certain number of followers, and high-end restaurants have to be warier about every single customer's opinion. Any customer can potentially be a social media influencer or food blogger. However, restaurateurs can also use the rise of social media influencing as a marketing tool to promote their food, which means that social media not only shifts power to consumers but also to restaurateurs. Restaurateurs can invite food bloggers to come into the restaurant and try their food, which gives them the advantage of knowing when an evaluation is happening.

Restaurateurs never know when the Michelin Guide or New York Times perform evaluations. Furthermore, restaurants can benefit from the opportunity to gain widespread attention through a public social media account and this increased business exposure.

Restaurateurs can also claim power through social media by creating their own pages and portraying their food and restaurant how they want. One restaurateur even mentioned the benefits of social media for marketing by saying, "Social media is a big marketing tool. Everyone that comes and dines is your own reviewer. People used to only have word-of-mouth to tell to friends and family but now you can communicate to thousands of followers. That's all social media influencing, and your restaurant is being spread to different territories. Regulars often drop, and you see faces for 2-3 months and then they travel and go on vacations, and then you see new faces and different types of people all because of the influence of social media." Social media allows restaurants to market all across the globe and to many diverse individuals. The restaurateurs who see social media as a benefit seem to understand that social media allows them to market their business how they want to people, and they have seen the benefits of having personal social media pages. They know how to use the platform to promote deals and business ventures, while also showcasing their restaurants how they prefer, combatting the possible biases of other reviewers.

Conversely, some restaurateurs choose to focus on the struggles that social media has caused. Some interviewees considered themselves to be more "old-school" and mentioned their inability to keep up with this more current shift in the industry, as well as their unwillingness to try. One chef said, "I do know that it's [Instagram] really good for business and you know, we should be doing it more but I just I'm an old school guy like that." Another restaurateur echoed this claim: "And even nowadays, what you didn't have to do before: you have to be able to talk

to media, you have to be interesting on camera. What I failed at was social media. There are just so many new elements to being a successful chef restaurateur in New York now." It can be hard for chefs who started in the industry before the introduction of social media and then find themselves unable to market their business to the number of consumers that those chefs with social media can. However, many higher-end restaurants do have Public Relations teams, which tend to help with marketing and maintaining a positive social media presence.

Additionally, some chefs see the way that consumers use social media as taking away from the quality of the food, and they worry that customers will be more concerned with getting a picture of the dish than eating it when it is still hot, which takes away from the experience and delectability of the food itself. One chef explained,

> "Instagram has taken over the food world…I feel like people are not engaging with food as much as they should be…Because…they're kind of ruining the experience where it kind of pisses me off because they're coming in, they're taking a picture or waiting for the food to get cold, and then you're not getting the fullest experience. As opposed to before when…we would have a table of six and no one would even open up their phones. Now you have, for 99% of the tables, even though they're with people they probably love, people they probably hang out with, they still have their phones out the whole time. And I think that that whole experience is being taken away from. And the way we are trying to create dishes and create cocktails that was kind of engaged all five of your senses. And hopefully in that process you will let go of that device of yours and kind of enjoy, you know, this experience through all five of your senses."

Many of the interviewees mentioned the importance of Instagram as a reviewing platform. However, due to the rise of Instagram, customers interact with their food differently. Chefs must not only ensure that their food tastes good but also that it looks aesthetically pleasing or Instagram-worthy.

While some restaurateurs see social media as a hindrance that takes away from the art and food itself, some choose to see it as a way to showcase their food to the masses. Either way, social media seems to take power away from evaluators and gives more power to the restaurateurs, the chefs, and the consumers themselves. Anyone can be an evaluator and have influence over a mass audience now, and this platform seems to be gaining more traction as a way to not only review restaurants but also market them.

Conclusion

The purpose of this thesis is to examine how evaluations affect restaurateurs and the decisions that they make, while focusing on higher-end restaurants in New York City and credible review guides. A common trend throughout the interviews was that higher-end restaurants pay attention to many different types of reviews. The emergence of social media has allowed for the masses to claim more power away from evaluators. Social media also gives more power to the restaurateurs to portray their restaurants how they want, while taking some power away from evaluators. However, the Michelin Guide seems to remain as the most credible and acclaimed review system, as it holds a global presence.

Even though not all of chefs have admitted to making decisions in order to maintain or achieve a favorable review, the reviews and evaluations do hold a significant presence in the minds of these restaurateurs and chefs. Whether these evaluations serve as "a system of checks

and balances" or as a goal to work towards, all of the interviewees were conscious of their

ratings and admitted that positive and negative reviews have seriously impacted their business.

The restaurateurs and chefs collectively recognized that positive reviews equated to a

boost in restaurant traffic within the first year of the review. However, many mentioned that this

boost was hard to maintain long-term. Many restaurateurs make decisions to try to keep that

positive review, or even strive for a more favorable one, and in the process, they may incur

higher costs, try to imitate competitors instead of sticking to what they do best, raise prices, or

purposely do less covers in order to preserve the food quality in every meal. When prices rise

and restaurants do less covers, margins become thin and the restaurant may become more of a

tourist attraction than a place with a consistent customer base. The business can turn unprofitable

despite the boost in reputation.

Additionally, Krishnendu Ray's research further supports the notion that pricier food

does not always correlate to be the most popular cuisine. He has found that in New York City,

the more cost-friendly cuisines are actually more popular. However, the elite forms of review,

such as the Michelin Guide, favor pricier cuisines that are more similar to the basis of French

cookery, and these preferences may actually play a role in determining which foods Americans

view as upscale. Chefs then may have to choose between making the type of cuisine that they

want--and may actually be more popular to the majority of customers--or risk losing certain

evaluations, such as from the Michelin Guide. Conversely, if they conform to make what

evaluators may see as the more traditional cuisine associated with higher-end restaurants, the

restaurants may end up becoming less popular and hence less profitable.

Not only do credible forms of reviews have a significant impact on restaurants and their business, but they also hold a strong presence in the minds of these restaurateurs and chefs. This observation has the following implications within the restaurant industry. Firstly, this significant, looming presence enforces pressure and can lead to chefs and restaurateurs making decisions to either keep a favorable evaluation or strive for a certain accolade. Additionally, some of the business decisions made in response to reviews are not always the most profitable for the restaurant, and some may even cause restaurants to alienate the majority of consumers. Credible forms of evaluations can be biased in favoring certain types of cuisines, which do not actually correlate with the majority of consumer preferences. Lastly, social media has emerged as a newer reviewing platform and holds credibility in the restaurant industry. If used correctly, social media can shift power back to the masses and restaurateurs.

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