

Sustainability of a Michelin-Starred Restaurant: The Case of a Traditional Family Restaurant in Alessandria, Italy

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ABSTRACT:

In the restaurant business, being awarded with a Michelin star can have dramatic effects on the success of a restaurant, especially in Europe. The loss of a star, however, can have reversed effect. I Caffi restaurant, is a family restaurant in Alessandria Italy awarded with one Michelin star. There is a lot of pressure to keep the family business going, being included in the Michelin guide is an advantage for the business. However, other restaurants who have lost their star had bad financial results. Meanwhile, forecasts for Italian restaurant industry is not favorable in the coming years. Internal weaknesses and external threats need to be addressed strategically so that the family business keeps on going for the next generation. The result of this study confirmed that while it is an advantage, there are other factors much more crucial in the sustainability of I Caffi than losing the Michelin star. And that while keeping the star is beneficial, a traditional family restaurant should adopt non-traditional approach to promote its business. This research would be the guideline in terms of the strategic approach of family owned restaurants with Michelin star, and also be the foundation for the future research specific to these type of restaurants in which there are none so far.

Keywords: Michelin star, restaurant industry, family owned, sustainability.

Introduction

In the restaurant business, being awarded with a Michelin star can have dramatic effects on the success of a restaurant, especially in Europe. The loss of a star, however, can have reversed effect.

The pressure to offer one-of-a-kind dining experience is highlighted through a case, specifically in Alessandria Italy, where most companies are family owned. The case will discuss the structure of a traditional family restaurant, the benefits, challenges, and competition which are essential in maintaining

the level of quality of products and services of an endorsed restaurant.

Does being awarded with a Michelin star help in the sustainability of a family owned restaurant?

Gordon Ramsay, the British celebrity chef known for the passionate and mean way he tears apart subpar food, cried when his New York restaurant The London lost its prestigious two Michelin Stars in 1999, he told the Daily Mail.

While the guide is widely respected across the hospitality industry, some restaurateurs have

spoken of the pressure a top rating can bring to the point of rejecting the star. This is the same case that happened to Donatella, a restaurant in Alessandria.

Wendy Matheson, who runs Boath House in Moray with her husband Don, said those expectations also put "an enormous stress on a small family-run business like ours". (Matheson, 2020). In the case of I Caffi, the family doesn't allow pressure to affect them. They don't even have any information that they have a Michelin star in their website.

Thornton's restaurant in the Fitzwilliam Hotel in Dublin, Ireland, held a Michelin star until 2015. According to a report in the Irish Independent, over the course of the year since the restaurant lost its Michelin star, profits declined 76 percent—down to €12,472 year-over-year from €53,510 in the 2013-2014 fiscal year. In fact, since losing its star-rating, the restaurant's revenue has declined so much that it closed in late October 2016. (Deegan, 2016) "After I lost it, I felt like someone had stabbed me in the heart," chef-restaurateur Kevin Thornton told the Irish Times this fall.

How can a traditional family restaurant ensure to keep its star? Do they really need to be burden by the pressures of having it?

In all industries and as observed in the recent trend in the restaurant industry, innovation requires taking the risk to make changes and the mindset to say it's okay to make mistakes. However, for a family restaurant, culture and tradition is everything. The longer the restaurant company has been around, and the more success has had, the harder it is to transform and move forward. The common attitude they have is that "if it's not broken, don't fix it". It pains them to try something new.

How can a traditional family restaurant survive the disruptive industry due to emerging technology and globalization?

Relevance & Impact

This paper aimed to provide a case analysis discourse about a restaurant business in a small town in Italy. How family owned restaurant

businesses fit the demands of the hospitality industry, and how its existence is significant to the economic growth of a small town in Italy. Furthermore, how being awarded with a Michelin star possess an advantage or a disadvantage to its sustainability. It opens the discussion to awarded family restaurants, in which no existing case study has been found by the researcher of this paper. For the researcher (or researchers if it is a group study), this study will help them uncover critical areas involving family businesses, small restaurants within a small town travel destinations.

Sustainability is a topic of significant interest for all family businesses in every part of the globe. It is rooted in the difficulty for these firms to exist and be relevant in the society. Despite the significance, the topic on sustainability of an awarded restaurant has not been in focus. Literature review of Family Business Review (FBR) since 1991 to 2019 identifies 107 research articles using "Sustainable" and "family business" as keyword, out of which 13 is specific to Italian restaurants; 3 contains award anywhere in the paper and none of which discussed about Michelin awards. FBR Sage Journals is a scholarly publication devoted exclusively to family-controlled firms and the database collected since 1988.

Background: I Caffi Restaurant

The Province of Alessandria lies in the extreme southeast of Piedmont, it has long been of strategic importance for its connections with Lombardy and Liguria. The topography consists mainly of hills and valleys traversed by rivers, while the south is dominated by the Ligurian Apennine Mountains. The area is also a natural location for wine production and boasts an important cultural heritage, from Roman remains to the imposing ruins of castles dotted about the countryside. Many other treasures make any visit here special and unique: from the Acqui Terme spa to the goldsmiths of Valenza, now internationally-renowned. Due to its favorable location, Alessandria is a great base if you are looking to explore the Piedmont region. There are around 93,000 people living in Alessandria.

I Caffi is in Acqui Terme. Housed on the first floor of 16 century palazzo in the historic centre, this restaurant has two different dining rooms. Elegant Piedmontese cuisine is served in the gastronomic Stanza del Sindaco decorated with frescoes. In the next room, La Brasserie serves simpler fare and is also open at lunchtime.

The restaurant was started 35 years ago by Paolo and Bruna. The restaurant was handed down to Sara (their daughter) and Piero who wanted to set the footprint of the most elegant dinner to a very informal one, from a simple appetizer to a small snack.

Bruna handles the kitchen from making the menu, inventory, ordering, purchasing and receiving fresh produce and ingredients. She is the one behind keeping the kitchen running smoothly. Paolo also helps in the grill area; he is responsible for all the steaks coming out of the kitchen. He is also running their small farm by planting vegetables that they use in the restaurant. They wanted to use the concept of organic farming in their restaurant.

Sara handles the front of the house together with her husband Piero. Sara converse with guests and ensures that they have an enjoyable dining experience, including getting orders and serving them. She is also responsible for wine tasting and making cheese platter. Whenever they are short of people in the kitchen, Sara also helps in the preparation and cooking. She also handles the emails and their website. She is an all-around woman.

Piero handles the reservation and man the service in the dining. He is also responsible for the inventory, purchasing and receiving for their wide wine list.

Sara and Piero have a 5-year-old son Cristiano, they bring him to the restaurant every day, like exposing him early on to their restaurant.

The restaurant is located at the central of Acqui Terme where a lot of tourists visit. It is just right around the corner of the shopping district and a 2-minute walk from their famous thermal water area. The dishes that they offer are not strictly related to the Piedmontese cuisine, they change

daily menu according to the offers of the market. They aim to serve fresh raw materials according to the season, vary fish dishes according to the catch of the day. They also want to boast the raw materials of the region, supporting small and large producers who trust them to present their products at best, from meat to cheese, to farms fruits and vegetables.

The restaurant is open Tuesday to Saturday 12:00-2:00pm for lunch and 8:00-10:00pm for dinner. But on October and November they are open on Sunday Lunch time.

Morning

Chefs come in to prepare the kitchen

Piero takes inventory and order from suppliers

Bruna helps in the kitchen

Davide sets up the table in the dining

Lunch

Sara, Piero and Davide waits

Bruna, David and Alesandro cooks

Dinner

Sara, Piero and Davide waits plus 2 or more additional help (depending on the peak season)

Bruna, David and Alesandro cooks

They have a lot of connections, so they don't have any problem with supplies. If ingredients are not available in Acqui Terme, they have contacts elsewhere.

There is harmony in the way they work where all they need to do is inform all workers how many reservations they have. All interested helpers will just observe the operation and get started right away. However, they do not pay newly hire for a week telling them they don't pay trainees, but since they are a family restaurant they don't really train tell them much.

The prepared sauces were still used even though they were way past 3 days.

Lingo and Elmes developed a theoretical model of how a diffuse constellation of low-power individuals can come to identify and act as agents of institutional preservation and identify the three

subprocesses comprising preservation work: intensifying and harnessing emotions, building collective identity, and articulating shared interests. This model offers insight into how nonfamily members can come to exert control over family businesses (Lingo and Elmes, 2019)

Background: The Star System (Source: The Michelin Guide)

There is no single authority globally, but three of the most prominent domestic and international awards are World's 50 Best List, James Beard Foundation and Michelin. I Caffi was awarded with one-star Michelin for more than 5 consecutive years up to present.

Michelin keeps much of its approach under wraps but outlined five main criteria for inclusion in the guide - quality of the products; mastery of flavor and cooking techniques; the personality of the chef in his cuisine; value for money; and consistency between visits.

The star system was born in 1926, with the creation of the dining star. In 1931 the system was expanded with the addition of the second and third stars. By 1936, the definition of the stars was established, and they haven't change since then.

1 star: a very good restaurant in its own category

2 stars: excellent cooking, worth a detour

3 stars: exceptional cuisine, worth a special trip

According to Michelin, any restaurant can be recommended by its guide "as long as its food is of high quality". They also said: "Restaurant inspectors do not look at interior decor, table setting or service quality in awarding stars - these are instead indicated by the number of 'covers' it receives, represented by the fork and spoon symbol." I Caffi received 3 covers (Bennett, 2017).

Materials And Methods

This case study will analyze sub-culture and attempts to discover the key phenomena to a resulting sequence of events. The study includes data collection and analysis method through interview, study of related literature, and similar

cases within the restaurant industry and public information analysis (PIA). The researcher of this study worked full time in ICaffi restaurant so part of this study involved in-depth observation or field research. To further strengthen the analysis, both quantitative and qualitative method was used and presented in this paper. The resulting alternatives of which leading to recommendations for strategic management.

Data Source & Structure

Presented in this study are restaurant industry's profile and statistics to better analyze external factors which are the uncontrollable forces that greatly influences the foodservice market. Other important data was also utilized which shows the recent trend of sustainable restaurant. It was presented through figures, tables, and maps. A SWOT analysis was performed to ensure that all factors both external and internal are considered. A comparison between other family restaurants in Italy was possible with data obtained from related literatures. This paper however, do not have a data comparison between other family owned restaurants specific in Alessandria Italy, including a service quality survey which would also be a relevant data to know how people respond to changes.

Results And Discussion

This literature review provides a theoretical background about the topic for this case study. There are three parts which include the available secondary data on Italy's restaurant industry profile and relevant statistics. Secondly, the third part explores the recent trends in sustainable restaurant business. Thirdly, the result of a SWOT analysis was espoused.

a. Italy's Restaurant Industry Profile and Statistics

According to Euromonitor International, Italy's economic decline in 2012 negatively affected the consumer foodservice industry, which saw overall sales shrink by a compound annual growth rate (CAGR) of -1.4% since 2008. While consumers still view eating out as an important social occasion, they're cutting back on the frequency at which they do so and are turning

away from traditional foodservice environments. Now in favor of less expensive and more casual fast food outlets, Italians are visiting full-service restaurants in decreasing numbers. As a result, chained establishments are gaining ground Italy, particularly those that can offer consumers a themed environment or broader dining “experience” with their meal. Due to this, future growth in Italy’s foodservice industry is expected to be driven by the evolution of product offerings and “foodtainment” services at casual establishments, such as distinctive atmospheres, table-side cooking, or other show-like features, rather than by outlet growth (Scozzafava et al., 2017).

The culture of Italy’s food service and road map for market entry was laid out in the paper *Hotel Restaurant Institutional Rome Italy* by USDA Agricultural Food Service which contains assessment of commodity and trade issues with Italy. The paper cited below findings:

“Italy is one of the top tourist destinations in Europe with the number of tourists increasing every year, boosting demand for meals in the HRI sector. Restaurant chains, including ethnic and fast food, are gaining market share and are expected to continue growing. Here are some of the key factors relating to changing Italian demographics and consumer habits that are affecting the HRI sector:

- Smaller households – The number of households without children is increasing. The average family has one or no children per household. Also, single person households are increasing.
- Increasing number of women in the workforce. The percentage of women in the workforce is bolstering the demand for more ready-to-eat foods, as well as eating-out frequency.

- Change in eating patterns. The increased presence and success of ethnic foods from all over the world can be seen particularly among the younger population.

- Aging population. An increasing percentage of the Italian population is over 65 years old and this increases the demand for senior citizens centers and/or facilities.

The Italian HRI sector serves more than 5.5 million meals a day. On average, hotel customers in Italy are 75 percent of international origin. In terms of product offering, success seems to be almost guaranteed for hotels which offer quality ingredients and local cooking with an emphasis on a gourmet format. This is also of interest to Italian customers if the restaurant has street access, not just access from inside the hotel, and provides menus with reasonable prices.”

Italy Foodservice Market Competitive landscape

The Italy food service market is largely dominated by the local players. Independent restaurants in Italy gain more market share due to an increased priority for locally sourced food and ingredients. In 2016, fast food outlets registered an increase in value sales while traditional full-service restaurants suffered a considerable loss. Product innovation being the key strategy adopted by the local as well as international players (Bristow, and Jenkins, 2018).

Italy foodservice industry is witnessing a drop in the sales growth rate since 2015, with the decrease in dine-out frequency of consumers. When choosing an eatery, consumers in Italy are increasingly looking for healthier options, which combine good nutritional value. With this rise in demand for organic and locally sourced food, the Italy foodservice market is dominated by local and Independent outlets with a market share of 53% in 2017 (as shown in Figure 1).

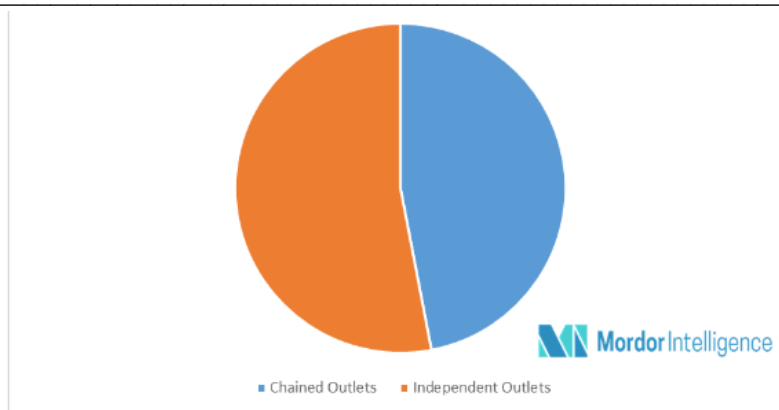


Figure 1. Italy's foodservice market share by structure

The forecast in 2018, per Eurostat showed that Italy's restaurant industry continues to thrive and the forecast for future growth is good, but the data show that demand is growing, while the average amount spent is decreasing. Total annual revenues continue to increase although families, in general, are spending less and less on dining

outside the home - from €934 a year in 2014 to an expected €913 in 2018. While family budgets for dining out have gotten smaller since 2011 due to the economic crisis and will continue to do so beyond 2018. Figure 2 below shows only 5.5% are spent on restaurants and hotels in 2017 (Mordor Intelligence, 2018).

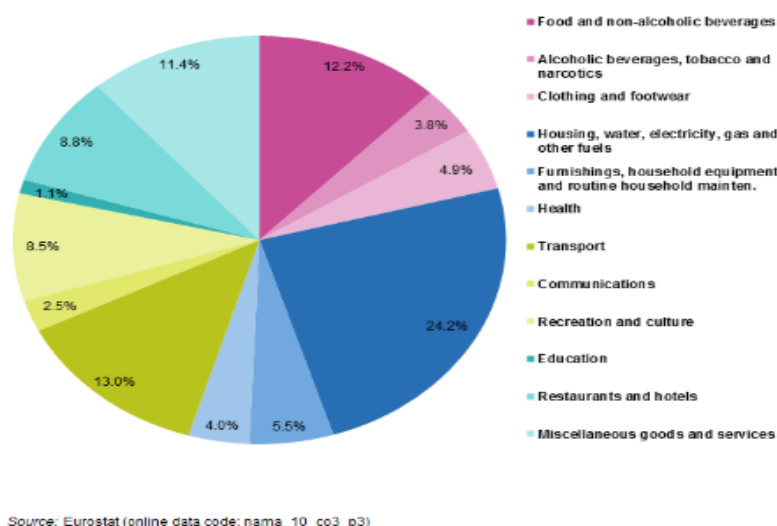


Figure 2. Italy's household expenditure by consumption purpose, 2017

The role of family firms within economic growth and development has been neglected, and family business dimensions have been overlooked in regional intervention policy. That is, while family firms seem to play a significant role in the construction of the European Union, family firms are omitted from public policy beyond direct action related to tax benefits or advice about ownership and management succession. Main conclusion of a research paper that exploited this topic is that any public policy intervention should consider the regional family characteristics of the regional productive

structure because it may boost or hinder regional competitiveness and affect economic growth and development (Basco and Bartkevičiūtė, 2016).

I Caffi's competition

I Caffi is the only Michelin starred restaurant in the small town of Acqui Terme. Other local restaurants that are also located strategically near tourist destinations are:

- Ristorante Angelo Divino
- Trattoria Mazzini

- Antica Osteria Da Bigat
- Il Moncalvo

Ristorante Nuovo Parisio

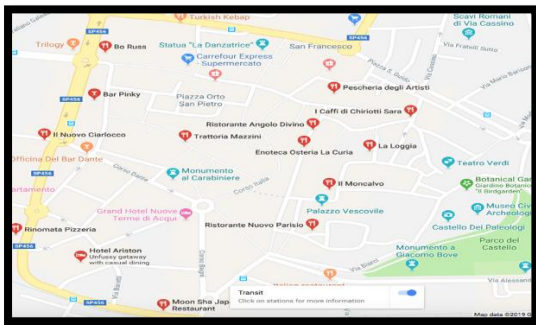


Figure 3. Map locations of the Restaurants in Acqui Terme

Other Michelin-starred restaurants in Alessandria

I Due Buoi has been awarded with Michelin star for 3rd year in a row. It is headed by Japanese chef, Jumpei Kuroda but they highlight traditional Italian dishes in a creative way. It is 36.6 km away from I Caffi.

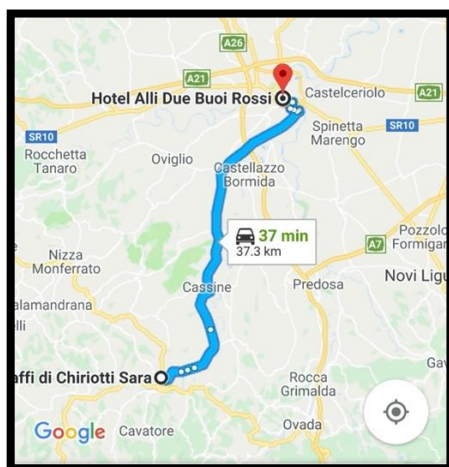


Figure 4.1. Distance of I Caffi from Due Buoi

La Fermata got its Michelin star since 2003. It is part of a resort headed by Italian chef Riccardo Aiachini, whose idea is to provide simple cuisine that brings out qualities of raw materials. It is 40.7 km away from I Caffi.

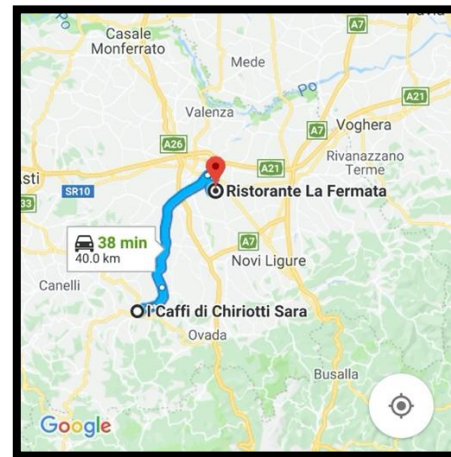


Figure 4.2. Distance of I Caffi from La Fermata

In the HRI, customer satisfaction plays an important role in the sustainability and growth. The hotel and restaurants should have a customer satisfaction management system. However, as emphasized in the study by (Dominici, 2010) (in his paper Customer Satisfaction in the Hotel Industry: A case study from Sicily, a flawed customer satisfaction management system is of great weakness. He concluded that “any benchmarking information about customer satisfaction levels is missing, so the management doesn’t have a clue about what competitors are doing.”

a. Recent Trends in Sustainable Restaurant

KPMG published a report on its annual Restaurant Financial Executives Share Forum entitled, “Staying fresh in the restaurant industry”. The following subjects were discussed by author Paul Fultz, a KPMG audit partner (restaurant segment) in terms of what’s happening in and out of the kitchen to reveal best practices from a financial perspective – for restaurant companies to stay fresh in transforming industry. According to the National Restaurant Association, 37% of restaurants now offer online ordering and 32% accept mobile payments.

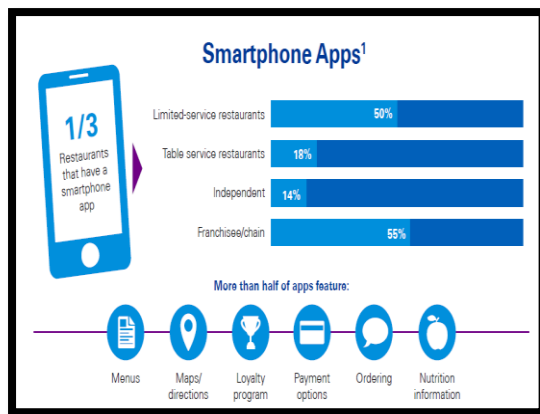


Figure 6. Smartphone Apps for restaurants % usage per type of restaurant

In 2016, the food delivery sector is valued \$10 billion – primarily concentrated on pizza – but analysts say most food delivery demand is still not met, and the market has a \$210 billion potential. Currently, disruption in technology caused different apps and platform for restaurants to deliver food without owning a delivery vehicle.

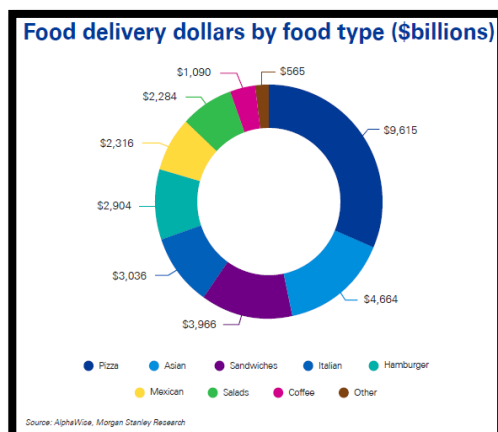


Figure 7. Food delivery dollars by food type (\$billions)

Menu innovation matters. Organic and locally sourced are the latest menu craze, not necessarily “low-calorie” or “low-fat”. More than anything, millennials want to know what’s on their plate, and they are willing to pay premium. There is also a growing demand for certified quality organic products.

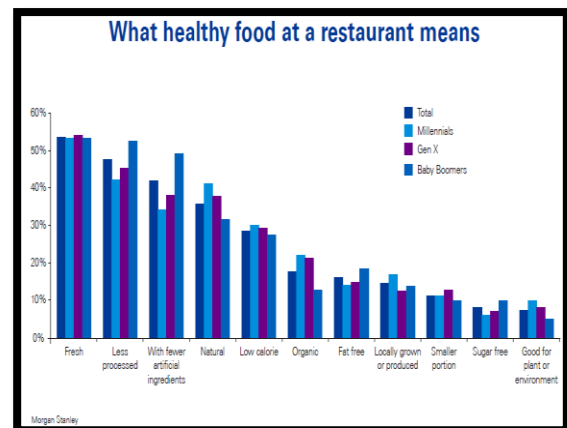


Figure 8. What healthy food at a restaurant means by age category

Culture change and innovation. Many organizations are turning to internal cultural change – goals, values, and behavioral norms – to help them innovate and outpace competitors.

Accounting for discounting. Consumers are saving a bit more instead of eating out. In response, restaurants offer discounts, coupons, loyalty credits, etc. to attract restaurant-goers out of their home.

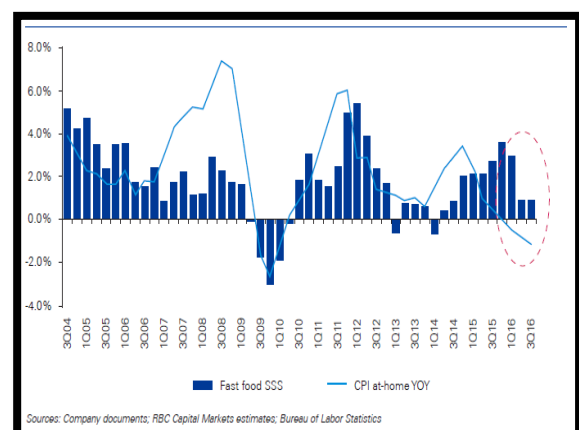


Figure 9. RBC capital markets per quarter fast food vs at-home

It was proven through survey questionnaires of 281 family business in the United States that ensuring future generation succession is tied to the adoption of sustainable practices which includes adoption of sustainable certification. (Sustainable Certification for Future Generations: The Case of Family Business, p. 228-243, 2014)

a. Analysis of Alternatives**Table 1.** SWOT analysis for I Caffi restaurant

STRENGTHS	WEAKNESS
1. Since they oversee everything, employees cannot fool them 2. Holistic training when there is succession plan 3. Family secret recipes are protected 4. Offers personal and customized service 5. Members are most likely to help each other 6. Consistent quality 7. Managers are sure that they are going to be around for long, so it makes sense to invest on something they will benefit for 40 years 8. Two separate halls that caters to fine dining and casual dining 9. Good relationship with suppliers within and outside of Alessandria 10. Financial is managed by the family members only. 11. Upgrade the services offered based on the latest trends. 12. Satisfied Customers	1. More focused on survival rather than expansion 2. Complex family relationships 3. Transitioning from first to second generation ownership 4. Unwritten processes and procedures 5. Inaccurate financial accounting 6. Deteriorating service over the bloodline 7. Focusing on cash flow more than improvements 8. No clear definition of who is in charge 9. No incentives no pay determination review 10. Business does not grow because they couldn't delegate 11. Traditional approach impedes ability to innovate 12. No benefit of obtaining experience outside family business 13. No focus on diversification 14. Weak online and social media presence
OPPORTUNITIES	THREATS
1. Emerging technologies make it easier for business to focus on their niche 2. Developed app for restaurants which makes it easier for managers to get the data they need to analyze consumer behavior and choices 3. Increasing demand for people to share their experiences with others 4. People are drawn to netizen's recommendations of good or bad 5. Demand for discounts, coupon, and other promotions 6. Partnering opportunities with schools within and outside Europe 7. Available trainings for sommelier	1. Change in customer's preference on food 2. Increasing demand for certified organic and locally produced products 3. Stakeholders becoming aware of SDG and being more empowered to support it 4. Full-service restaurants are expected to become more careful with respect to sustainable management of their business (e.g. limiting waste) 5. More investment possibilities for chained restaurants 6. Rising prices of certain ingredients 7. Competitors are more visible on social media 8. More savings and less eating out 9. Competition against chained restaurants

- **W1, S6 & S7** More focused on survival rather than expansion. Consistent quality. Managers are sure that they are going to be around for long, so it makes sense to invest on something they will benefit for 40 years.
- **W2, S6 & S3** Complex family relationship. Consistent quality. Family secret recipes are protected.
- **W3, S3 & S5** Transitioning from first to second generation ownership. Family secret recipes are protected. Members are most likely to help each other
- **W4, S3 & S6** Unwritten processes and procedures. Consistent quality. Family secrets recipes are protected.
- **W5, S10** Inaccurate financial accounting. Financial is manage by family members only.
- **W6, S2 & S7** Deteriorating service over the bloodline. Holistic training when there is succession plan. Managers are sure that they are going to be around for long, so it makes sense to invest on something they will benefit for 40 years.
- **W7, S7** Focusing on cash flow more than improvements. Managers are sure that they are going to be around for long, so it makes sense to invest on something they will benefit for 40 years.
- **W8, S5** No clear definition of who is in charge. Members are most likely to help each other.
- **W9, S10** No incentives no pay determination review. Financial is manage by the family members only.
- **W10, S3, S6 & S7** Business do not grow because they couldn't delegate. Consistent quality. Family secret recipes are protected. Managers are sure that they are going to be around for long, so it makes sense to invest on something they will benefit for 40 years.
- **W11, S4, S7 & S11** Traditional approach impedes ability to innovate. Offers personal and customized service. Managers are sure that they are going to be around for long, so it makes sense to invest on something they will benefit for 40 years. Upgrade the services offered based on the latest trends.
- **W12, S2, S5 & S7** No benefit of obtaining experience outside family business. Holistic training when there is succession plan. Members are most likely to help each other. Managers are sure that they are going to be around for long, so it makes sense to invest on something they will benefit for 40 years.
- **W13, S4 & S5** No focus on diversification. Offers personal and customized service. Members are most likely to help each other.
- **W14, S6 & S12** Weak online and social media presence. Consistent quality. Satisfied customers.
- **T1, O2, O3, O4 & O5** Change in customer's preference on food. Developed app for restaurants which makes it easier for managers to get the data they need to analyze consumer behavior and choices. Increasing demand for people to share their experiences with others. People are drawn to netizen's recommendations of good or bad. Demand for discounts, coupon, and other promotions.
- **T2, O1** Increasing demand for certified organic and locally produced products. Emerging technologies make it easier for business to focus on their niche.
- **T3, O1 & O3** Stakeholders becoming aware of SDG and being more empowered to support it. Emerging technologies make it easier for business to focus on their niche. Increasing demand for people to share their experiences with others.
- **T4, O1, O3 & O4** Full-service restaurants are expected to become more careful with respect to sustainable management of their business (e.g. limiting waste). Emerging technologies make it easier for business to focus on their niche. Increasing demand for people to share their experiences with others. People are drawn to netizen's recommendations of good or bad.
- **T5, O1, O2, & O3** More investment possibilities for chained restaurants. Emerging technologies make it easier for business to focus on their niche. Developed app for restaurants which makes it easier for managers to get the data they need to analyze consumer behavior and

choices. Increasing demand for people to share their experiences with others.

- **T6, O1** Rising prices of certain ingredients. Emerging technologies make it easier for business to focus on their niche.
- **T7, O2, O3, O4, & O5** Competitors are more visible on social media. Developed app for restaurants which makes it easier for managers to get the data they need to analyze consumer behavior and choices. Increasing demand for people to share their experiences with others. People are drawn to netizen's recommendations of good or bad. Demand for discounts, coupon, and other promotions.
- **T8, O2, O4, & O5** More savings and less eating out. Developed app for restaurants which makes it easier for managers to get the data they need to analyze consumer behavior and choices. People are drawn to netizen's recommendations of good or bad. Demand for discounts, coupon, and other promotions.
- **T9, All Opportunities** Competition against chained restaurants. Emerging technologies make it easier for business to focus on their niche. Developed app for restaurants which makes it easier for managers to get the data they need to analyze consumer behavior and choices. Increasing demand for people to share their experiences with others. People are drawn to netizen's recommendations of good or bad. Demand for discounts, coupon, and other promotions. Partnering opportunities with schools within and outside Europe. Available trainings for sommelier.

Statistics show that domestic growth will be driven mainly by 5 regions (Lombardy, Lazio, Emilia Romagna, Piedmont) where the number of families are increasing and they spend more national average. Lombardy heads the list accounting for over 20% of total revenues and is double that of the second place Lazio region as reported in Italy Europe 24. I Caffi must take advantage of this opportunity to increase sales. However, steps must be taken and it entails change.

Delivery was, without a doubt, one of the factors that drove growth for restaurant businesses large

and small in 2017, and as a restaurant industry trend, it's certainly not going anywhere. Consumers are simply eating in their homes more than ever before. Therefore, if I Caffi does not change its strategies and approach, sales will decrease and holding that Michelin star will no longer be enough to survive.

How can a traditional family restaurant survive the disruptive industry due to emerging technology and globalization? Digitalization is also driving the way business performs its operations. Those who failed to follow, even bigger companies, failed to survive. Tradition is an important factor as to the patronage of customers, however, there is also a need for evolution. I Caffi must find a way to break through tradition to keep the restaurant for the next generations to come.

Does being awarded with a Michelin star help in the sustainability of a family owned restaurant? Being awarded with the Michelin star proved to be an advantage for I Caffi as it gave the restaurant an advantage to be chosen not just by local customers but of travelers. Michelin did not provide clear criteria or guideline and restaurants just end up getting stress in maintaining the star rather than focusing on how to actually sustain the business. More practically, an approach can be followed based on the SWOT analysis, as follows:

1. They can open and invest in another restaurant, which makes sense because they know that they will still be handling the business 40 years from now and which can ensure that policies and procedures will be followed over the bloodline.
2. With the growing popularity of stores with open kitchen and visible cooking areas, they can try that with the new restaurant or renovate the existing one. This will provide food entertainment because people are now more drawn to the experience itself, not just the quality of the food.
3. They can create or purchase the use of some basic mobile applications to help run operations and make decisions on the menu.

4. Increase presence in social media and in the community.
5. Sell some of your restaurant products, such as salad dressings or baked goods, for people to buy and take home represents an opportunity.
6. Keep updated on recent trends in the industry to customize the menu according to the latest craze.
7. Increase wine sales by training or hiring a sommelier.
8. Diversify on the menu by taking advantage of the young staff in training and trainees from school while still maintaining consistent quality

b. Implementation

With the recommended solutions, the family can adopt the agile mindset which is getting the minimum viable product that will provide value even without completing everything yet.

Month 1 Easy steps and building awareness

1. Sell some of your restaurant products, such as salad dressings or baked goods, for people to buy and take home represents an opportunity.
2. Keep updated on recent trends in the industry.
3. Learn about mobile applications for restaurants.
4. Increase presence in social media by updating the website with information that the restaurant is Michelin star, places to visit near the restaurant. Create Instagram account and Facebook account and provide regular update or share stories which will get people to be interested in visiting the restaurant.
5. Look for opportunities on having a permanent sommelier.

Month 2 Promotion

1. Increase presence in the community by driving awareness campaign on organic and locally produced products. This will also serve as platform to promote the restaurant itself.
2. Create promotional campaign, loyalty rewards for people who dine in frequently or discounts for groups of people. Determine the

timeline on where to offer them and how to inform people about it.

3. Select a mobile application for restaurant that will provide the most benefit.

Month 3 Build

1. Start on building the application for the restaurant, most of the apps now are customizable and easy to set-up due to available formats. Use the app for seat reservation, customer surveys, promotion, providing discounts to boost sales and get people to dine out, especially on weekdays.
2. Now that they know about the latest trends, take advantage of it when they customize the menu. They may feature more organic dishes or salads in the menu.
3. Start training the sommelier.

Month 4 Innovation and diversification

1. If there is enough data from the customer survey, it's time to build a new menu based on that.
2. Explore new recipes out of the traditional family dishes, food presentation can also add to customer experience.
3. Get inputs from younger staff.
4. Increase wine sales by offering variety of wine or featuring a wine that is perfect for the new menu.

Month 5 Bigger Investments

5. Think about investment opportunities on kitchen equipment.
6. Think on how to increase customer experience.
7. Think about opening a new restaurant
8. Think about renovation.

All of the above mentioned will entail more capital, so the owners need to be thinking on how much they are willing to invest and where they will get the funds. Based on this, they can target a date and plan. This may take years to achieve this but will be necessary to grow.

Expected Results

Estimated sales based on menu price and observation by student trainee was computed in below table. Sales are low on weekdays. Only the

brassiere is open at lunchtime with 5 – 12 persons, and at night time with total of 16 persons having dinner in the brassiere and the restaurant. During weekends, seats are more occupied with around 10 to 15 persons at lunch and total of 28 to 40 persons during dinner.

Table 2: Estimated weekly sales in Euro

	Weekdays	Weekend
Brassiere lunch	720	3,000
Brassiere dinner	600	1,500
Restaurant dinner	540	1,350
Total	1,860	5,850
# of days open	3	2
Est weekly sales	5,580	11,700

Based on recent data, Bank of Italy forecasted a gross domestic product growth of only 0.6 percent this year for the Italian economy. Conservatively and with less aggressive solutions during the initial months of implementation, we can assume the same percentage of sales growth for I Caffi. However, given the expected increase in the number of people going to the restaurant, target will be to double that number as a result of the proposed solution.

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Table 3: Forecasted weekly sales in Euro

	Weekdays	Weekend
Brassiere lunch	1,440	3,000
Brassiere dinner	1,200	3,000
Restaurant dinner	1,080	2,700
Total	3,720	8,700
# of days open	3	2
Est weekly sales	11,160	17,400

Further Studies

Although this paper discusses external and internal factors that may affect the particular restaurant in this study, there is still a need to conduct benchmarking surveys with other restaurants nearby that will include customer satisfaction surveys. That is why it formed part of the recommendations.

This study was also limited to a specific family owned restaurant, internal data were specifically related only to I Caffi and therefore should not be a basis in assessing the sustainability of other family-owned restaurants within or outside Italy.

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