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Benihana of Tokyo

Some restaurateurs like myself have more fun than others, says Hiroaki (Rocky) Aoki, youthful president of Benihana of Tokyo. Between 1964, when he opened his first location, and 1972 he had gone from deficit net worth to being president of a chain of 15 restaurants that grossed over \$12 million per year.

Background

By 1972 Benihana was basically a steakhouse with a difference--the food was cooked in front of the customer by Japanese chefs, and the decor was that of an authentically detailed Japanese country inn. From a humble 40-seat unit opened in midtown Manhattan in 1964, Benihana had grown to a chain of 15 units across the country. Nine were company-owned locations: New York (3); San Francisco; Chicago; Encino and Marina del Rey, California; Portland, Oregon; and Honolulu. Five were franchised: Boston, Fort Lauderdale, Beverly Hills, Seattle, and Harrisburg, Pennsylvania. The last unit, Las Vegas, was operated as a joint venture with Hilton Hotels Corporation. Rocky, who was a former Olympic wrestler, described his success as follows:

In 1959, I came to the United States on a tour with my university wrestling team. I was 20 at the time. When I reached New York, it was love at first sight! I was convinced that there were more opportunities for me in America than Japan. I decided to enroll in the School of Restaurant Management at City College basically because I knew that in the restaurant business I'd never go hungry. I earned money those early years by washing dishes, driving an ice cream truck, and acting as a tour guide. Most importantly, I spent three years making a systematic analysis of the U.S. restaurant market. What I discovered was that Americans enjoyed eating in exotic surroundings but were deeply mistrustful of exotic foods. I also discovered that people very much enjoy watching their food being prepared. So I took \$10,000 I had saved by 1963 and borrowed \$20,000 more to open my first unit on the West Side and tried to apply all that I had learned.

The origins of Benihana of Tokyo actually date back to 1935. That was when Yunosuke Aoki (Rocky's father) opened the first of his chain of restaurants in Japan. He called it Benihana, after the small red flower that grew wild near the front door of the restaurant.

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The elder Aoki (Papasan), like his son who was to follow in the family tradition, was a practical and resourceful restaurateur. In 1958, concerned about rising costs and increased competition, he first incorporated the hibachi table concept into his operations. Rocky borrowed this method of cooking from his father and commented as follows:

One of the things I learned in my analysis was that the number one problem of the restaurant industry in the United States is the availability and cost of labor. By eliminating the need for a conventional kitchen with the hibachi table arrangement, I can give an unusual amount of attentive service and still keep labor cost to 10%-12% of gross sales (food and beverage) depending on whether a unit is at full volume. In addition, I was able to significantly increase the proportion of floor area devoted to productive dining space. Only about 22% of the total space of a unit is back of the house, including preparation areas, dry and refrigerated storage, employee dressing rooms, and office space. Normally a restaurant requires 30% of its total space as back of the house. [See **Exhibit 1** for operating statistics for a typical service restaurant.]

The other thing I discovered is that food storage and wastage contribute significantly to the overhead of the typical restaurant. By reducing the menu to only three simple Middle American entrees: steak, chicken, and shrimp. I have virtually no waste and can cut food costs to between 30% and 35% of food sales depending on the price of meat.

Finally, I insist on historical authenticity. The walls, ceilings, beams, artifacts, and decorative lights of a Benihana are all from Japan. The building materials are gathered from old houses there, carefully disassembled, and shipped in pieces to the United States where they are reassembled by one of my father's two crews of Japanese carpenters.

Rocky's first unit on the West Side was such a success that it paid for itself in six months. He then built, in 1966, a second unit three blocks away on the East Side simply to cater to the overflow of the Benihana West. The Benihana East quickly developed a separate clientele and prospered. In 1967, Barron Hilton, who had eaten at a Benihana, approached Rocky concerning the possibility of locating a unit in the Marina Towers in Chicago. Rocky flew to Chicago, rented a car, and while driving to meet Hilton saw a vacant site. He immediately stopped, called the owner, and signed a lease the next day. Needless to say, a Benihana didn't go into the Marina Towers.

The number three unit in Chicago had proved to be the company's largest money-maker. It was an instant success and grossed approximately \$1.3 million per year. The food and beverage split was 70/30 and management was able to keep expense percentages at relatively low levels: food (30%), labor (10%), advertising (10%), management (4%), and rent (5%).

The fourth unit was in San Francisco and the fifth was a joint venture in Las Vegas in 1969. By this time, literally hundreds of people were clamoring for franchises. Rocky sold a total of six until he decided in 1970 that it would be much more to his advantage to own his units rather than franchise them. Following are the franchises that were granted: Puerto Rico (not successful due to economic turndown), Harrisburg, Fort Lauderdale, Portland (company bought the unit back), Seattle, Beverly Hills, Boston.

The decision to stop franchising was made because of a number of problems. First, the franchises were bought by investors, none of whom had any restaurant experience. Second, it was difficult for the American investor to relate to a predominantly native Japanese staff. Finally, control was considerably more difficult to maintain with a franchisee than a company employee manager. During the period to 1970 several groups had attempted to imitate the Benihana success. One even included a

group with intimate knowledge of the Benihana operation who set up in close proximity to a Benihana unit. They, however, folded within the year. Bolstered by the confidence that the Benihana success could not be easily replicated, management felt that one of the classic pressures to franchise, in order to expand extremely rapidly to preempt competitors, was eliminated.

The amount of space devoted to the bar/lounge/holding area accurately indicated when the unit was built. When Rocky opened his first unit, he saw the business as primarily food-service sales. The Benihana West had a tiny bar that seated about eight and had no lounge area. Rocky quickly learned that this amount of bar space was insufficient, and at the second unit, Benihana East, he doubled the size of the bar/lounge area. But since the whole unit was larger, the ratio of space was not too different. A typical floor plan is included as **Exhibit 2**.

His third Manhattan operation, called Benihana Palace, opened in 1970. Here, the bar/lounge area was enormous, even in ratio to size. Figures from 1972 bear out the wisdom of the growth. At West, beverage sales represented about 18% of total sales. At East, they ran 20%-22%. And at the Palace, they ran a handsome 30%-33% of total sales. The beverage cost averaged 20% of beverage sales.

The heart of the show biz was in the dining area. The teppanyaki table consisted of a gas-fired steel griddle plate, with a 9½" wooden ledge bordering it to hold the customers' plates and silverware. Above every table was an exhaust hood to remove cooking steam and odors and much of the heat from the griddle. Each table accommodated eight diners, with service being provided by a chef and a waitress; each such team handled two regular tables.

The four food items — steak, filet mignon, chicken, and shrimp — could either be had as single entree items or in combinations. A full dinner had three, with the shrimp as appetizer. The accompaniments were unvaried: bean sprouts, zucchini, fresh mushrooms, onions, and rice.

Normally, a customer could come in, be seated, have dinner, and be on his or her way out in 45 minutes, if need be, excluding the time the patron had spent in the bar. The average turnover at the teppanyaki table was an hour, and up to an hour and a half in slow periods. Typically, after a group of eight had been seated, the waitress would take the order and bring whatever soup, salad, and beverages were requested, after which the chef would appear, wheeling his cart with the food items to the table, and the show would begin.

The average check, including food and beverage, ran about \$6 at lunch, about \$10 at dinner. These figures included one drink (average price \$1.50) at lunch, an average of one-plus at dinner.

The big purchase was meat. Only U.S.D.A. Prime Grade, tightly specified tenderloin and boneless strip loins were used. The steaks were further trimmed in house. Only a bit of fat at the tail was left, which was for effect only. When the chef began cooking the meat, he dramatically trimmed this part off and pushed it aside before cubing the remaining meat.

The hours of operation for the 15 units varied according to local requirements. All were open for lunch and dinner, though not necessarily every day for each. Lunch business was important; overall it accounted for about 30%-40% of the total dollar volume despite a significantly lower check average. Essentially the same menu items were served for both meals; the lower menu price average at lunch reflected smaller portions and fewer combinations.

Site Selection

Because of the importance of lunchtime business, Benihana had one basic criterion for site selection—high traffic. Management wanted to be sure that a lot of people were nearby or going by both at lunch and at dinner. Rent normally ran 5%-7% of sales for 5,000-6,000 square feet of floor space. Most units were located in a predominantly business district, though some had easy access to residential areas. Shopping center locations were considered, but had not been accepted by 1972.

Training

Because the chefs were considered by Benihana to be a key to its success, all of them were highly trained. All were young, single, native Japanese and all were certified, which meant that they had completed a three-year formal apprenticeship. They were then given a three- to six-month course in Japan in the English language and American manners as well as the Benihana form of cooking, which was mostly showmanship. The chefs were brought to the United States under a trade treaty agreement.

Training chefs within the United States was also a continuous process. In addition to the competition among the chefs to perfect their art in hopes of becoming the chief chef, there was also a traveling chef who inspected each unit periodically and was involved in the grand opening of new units.

While Benihana found it relatively difficult to attract chefs and other personnel from Japan due to the general level of prosperity there as well as competition from other restaurants bidding for their talents, once in the United States they were generally not anxious to leave. This was due to several factors. One was the rapidity with which they could rise in the American Benihana operation versus the rather rigid hierarchy based on class, age, and education they would face in Japan. A second and major factor was the paternal attitude Benihana took toward all its employees. While personnel were well paid in a tangible sense, a large part of the compensation was intangible, based on job security and a total commitment of Benihana to the well-being of its employees. As a result, turnover of personnel within the United States was very low, although most did eventually return to Japan. To fully appreciate the Benihana success, the unique combination of Japanese paternalism in an American setting had to be appreciated.

Organization and Control

Each restaurant carried a simple management structure. It had a manager (salary of \$15,000/year), an assistant manager (\$12,000/year), and two or three hosts (\$9,000/year), who might be likened to maitre d's. These hosts were really potential managers in training. All managers reported to the manager of operations Allen Saito who, in turn, reported to Bill Susha, vice president in charge of operations and business development (see **Exhibit 3**).

Susha came to Benihana in 1971, following food and beverage experience with Hilton, Loew's, and the Flagship Hotel Division of American Airlines. He described his job as follows:

I see management growth as a priority objective. My first step was to establish some sort of control system by introducing sales goals and budgets. At the most recent manager workshop meeting in New York—with managers from all over the country—I asked each to project their sales goal on an annual basis, then break it out by month, then by week, then by day. After I reached agreement with a manager on the individual quota figures,

I instituted a bonus plan. Any unit that exceeded its quota on any basis—daily, weekly, monthly, yearly—will get a proportionate bonus, which will be prorated across the entire staff of the unit. I've also built up an accounting staff and controller to monitor our costs. It's been a slow but steady process. We have to be very careful to balance our need for control with the amount of overhead we can stand. We may be able to justify extra hosts standing around in the units if they improve service and bring in more business. At the corporate level, however, we have to be very careful. In fact, at present the company is essentially being run by three people—Rocky, myself, and Allen Saito.

Advertising Policy

Rocky considered that a vitally important factor in Benihana's success was a substantial investment in creative advertising and public relations. The company invested 8%-10% of its gross sales on reaching the public. Glen Simoes, the director of advertising and public relations, summed it up:

We deliberately try to be different and original in our advertising approach. We never place advertisements on the entertainment pages of newspapers on the theory that they would be lost among the countless other restaurant advertisements.

We have a visual product to sell. Therefore, Benihana utilizes outstanding visuals in its ads. The accompanying copy is contemporary, sometimes offbeat. A recent full-page advertisement which appeared in the *New York Times*, *Women's Wear Daily*, and *New York Magazine* did not contain the word *restaurant*. We also conduct a considerable amount of market research to be sure we know who our customers really are.

Exhibit 4 shows the results of one market research survey. **Exhibit 5** is a further discussion of Benihana advertising policy. **Exhibits 6, 7, 8, and 9** are examples of Benihana advertising copy.

Future Expansion

Bill Susha summed up the problems of the future as he saw them:

I think the biggest problem facing us now is how to expand. We tried franchising and decided to discontinue the program for several reasons. Most of our franchisees were businesspeople looking for investment opportunities who did not really know and understand the restaurant business—this was a problem. The Japanese staff we provided were our people and we have obligations to them that the franchisee could not or would not honor which at the time made us unhappy. The uniqueness of our operation in the hands of novices made control more difficult. Finally, we found it more profitable to own and operate the restaurants ourselves.

Presently, we are limited to opening only five units a year, because that is as fast as the two crews of Japanese carpenters we have can work. We are facing a decision and weighing the advantages and disadvantages of going into hotels with our type of restaurant. We are presently in two Hilton Hotels (Las Vegas and Honolulu) and have recently signed an agreement with Canadian Pacific Hotels. What we have done in these deals is to put teeth in the agreements, so that we are not at the mercy of the hotel company's management.

Further, one of our biggest constraints is staff. Each unit requires approximately 30 people who are all Asian. Six to eight of them are highly trained chefs with a similar number of waitresses; there are four to five managers and hosts, two to three people in the bar, and the remainder are bus staff and dishwashers.

Finally, there is the cost factor. Each new unit costs us a minimum of \$300,000. My feeling is that we should confine ourselves to the major cities like Atlanta, Dallas, St. Louis, etc., in the near future. Then we can use all these units to expand into the suburbs.

We've been highly tempted to try to grow too fast without really considering the full implications of the move. One example was the franchise thing, but we found it unsatisfactory. Another example is that a large international banking organization offered to make a major investment in us that would have allowed us to grow at a terrific rate. But when we looked at the amount of control and autonomy we'd have to give up, it just wasn't worth it, at least in my mind.

Another thing I'm considering is whether it's worth it to import from Japan every item used on construction to make a Benihana 100% authentic. Does an American really appreciate it and is it worth the cost? We could use material available here and achieve substantially the same effect. Also, is it worth it to use Japanese carpenters and pay union carpenters to sit and watch? All these things could reduce our costs tremendously and allow us to expand much faster.

Rocky described his perception of where the firm should go:

I see three principal areas for growth: the United States, overseas, and Japan.

In the United States we need to expand into the primary marketing areas Bill talked about that do not have a Benihana. But I think through our franchises we also learned that secondary markets such as Harrisburg, Pennsylvania, and Portland, Oregon, also have potential. While their volume potential obviously will not match that of a primary market, these smaller units offer fewer headaches and generate nice profits. Secondary markets being considered include Cincinnati and Indianapolis.

The third principal area I see for growth is in suburbia. No sites have yet been set, but I think it holds a great potential. A fourth growth area, not given the importance of the others, is further penetration into existing markets. Saturation is not a problem as illustrated by the fact that New York and greater Los Angeles have three units each, all doing well.

We are also considering someday going public. In the meantime, we are moving into joint ventures in Mexico and overseas. Each joint venture is unique in itself. We negotiate each unit on the basis that will be most advantageous to the parties concerned, taking into account the contributions of each party in the form of services and cash. Once this is established, we agree on a formula for profits and away we go.

Four deals have not been consummated. Three are joint ventures out of the country. An agreement has already been reached to open a Benihana in the Royal York Hotel, Toronto, Canada. This will provide the vanguard for a march across Canada with units in or outside Canadian Pacific Hotels.

Second is a signed agreement for a new unit in Mexico City. From here, negotiations are underway on a new hotel to be built in Acapulco. Benihana stands ready to build and operate a unit in the hotel or, if possible, to take over management of the entire hotel. These units would form a base for expansion throughout Mexico.

The third extraterritorial arrangement was recently signed with David Paradine, Ltd., a British firm of investors headed by TV personality David Frost. Again, this is a joint venture with the Paradine group to supply technical assistance, public relations, advertising, and financing, and Benihana the management and know-how. This venture hopes ultimately to have Benihana restaurants, not only throughout Great Britain, but also across the Continent.

Rocky also had a number of diversification plans:

We have entered into an agreement with a firm that is researching and contacting large food processors in an effort to interest them in producing a line of Japanese food products under the Benihana label for retail sale. There has been a great deal of interest and we are close to concluding a deal.

I worry a lot. Right now we cater to a middle-income audience, not the younger generation. That makes a difference. We charge more, serve better quality, have a better atmosphere, and more service. But we are in the planning stages for operations with appeal to the younger generation.

For instance, there is no Japanese quick-service operation in this country. I think we should go into a combination Chinese-Japanese operation like this. The unit would also feature a dynamic cooking show exposed to the customers. Our initial projections show margins comparable to our present margins with Benihana of Tokyo. I see a check of about 99¢. We are negotiating with an oil company to put small units in gas stations. They could be located anywhere--on turnpikes or in the Bronx. I think we should do this very soon. We might call it the Orient Express. I think I will get a small store in Manhattan and try it out. This is the best kind of market research in the United States. Market research works in other countries, but I don't believe in it here. We are also negotiating for a site on Guam and to take over a chain of beer halls in Japan.

The restaurant business is not my only business. I went into producing; I had two unsuccessful Broadway shows. The experience was very expensive, but I learned a great deal and learned it very fast. It's all up to the critics there. In the restaurant business, the critics don't write much about you if you're bad; but even if they do they can't kill you. On Broadway they can. They did.

My philosophy of the restaurant business is simply to make people happy. We do it many ways at Benihana. As we start different types of operations, we will try to do it in other ways.

Russ Carpenter, a consultant and editor for *Institutions/Volume Feeding* magazine, summed up his perceptions as follows:

I basically see two main problems. What is Benihana really selling? Is it food, atmosphere, hospitality, a watering hole or what? Is having entertainment in the lounge consistent with the overall image? All the advertising emphasizes the chef and the food, but is that really what the public comes for? I don't know. I'm only raising the questions.

The other thing is how do you hedge your bets? Is Benihana really on the forefront of a trend of the future with their limited menu, cooking in front of you, and Japanese atmosphere, or is it just a fad? This relates to whether the firm should emphasize restaurant operations only.

Exhibit 1 Operating Statistics for a Typical Service Restaurant

	Ranges (%)
Sales	
Food	70.0–80.0
Beverage	20.0–30.0
Total Sales	100.0
Cost of sales	
Food cost (% of food sales)	38.0–48.0
Beverage cost (% of beverage sales)	25.0–30.0
Cost of total sales	35.0–45.0
Gross profit	55.0–65.0
Operating expenses	
Controllable expense	
Payroll	30.0–35.0
Employee benefits	3.0–5.0
Employee meals	1.0–2.0
Laundry, linen, uniforms	1.5–2.0
Replacements	0.5–1.0
Supplies (guest)	1.0–1.5
Menus and printing	0.25–0.5
Miscellaneous contract expense (cleaning, garbage, extermination, equipment rental)	1.0–2.0
Music and entertainment (where applicable)	0.5–1.0
Advertising and promotion	0.75–2.0
Utilities	1.0–2.0
Management salary	2.0–6.0
Administration expense (including legal and accounting)	0.75–2.0
Repairs and maintenance	1.0–2.0
Occupation expense	
Rent	4.5–9.0
Taxes (real estate and personal property)	0.5–1.5
Insurance	0.75–1.0
Interest	0.3–1.0
Depreciation	2.0–4.0
Franchise royalties (where applicable)	3.0–6.0
Total operating expenses	55.0–65.0
Net profit before income tax	0.5–9.0

Source: Bank of America, *Small Business Reporter*, Vol. 8, No. 2, 1968.

Exhibit 2 Floor Plan

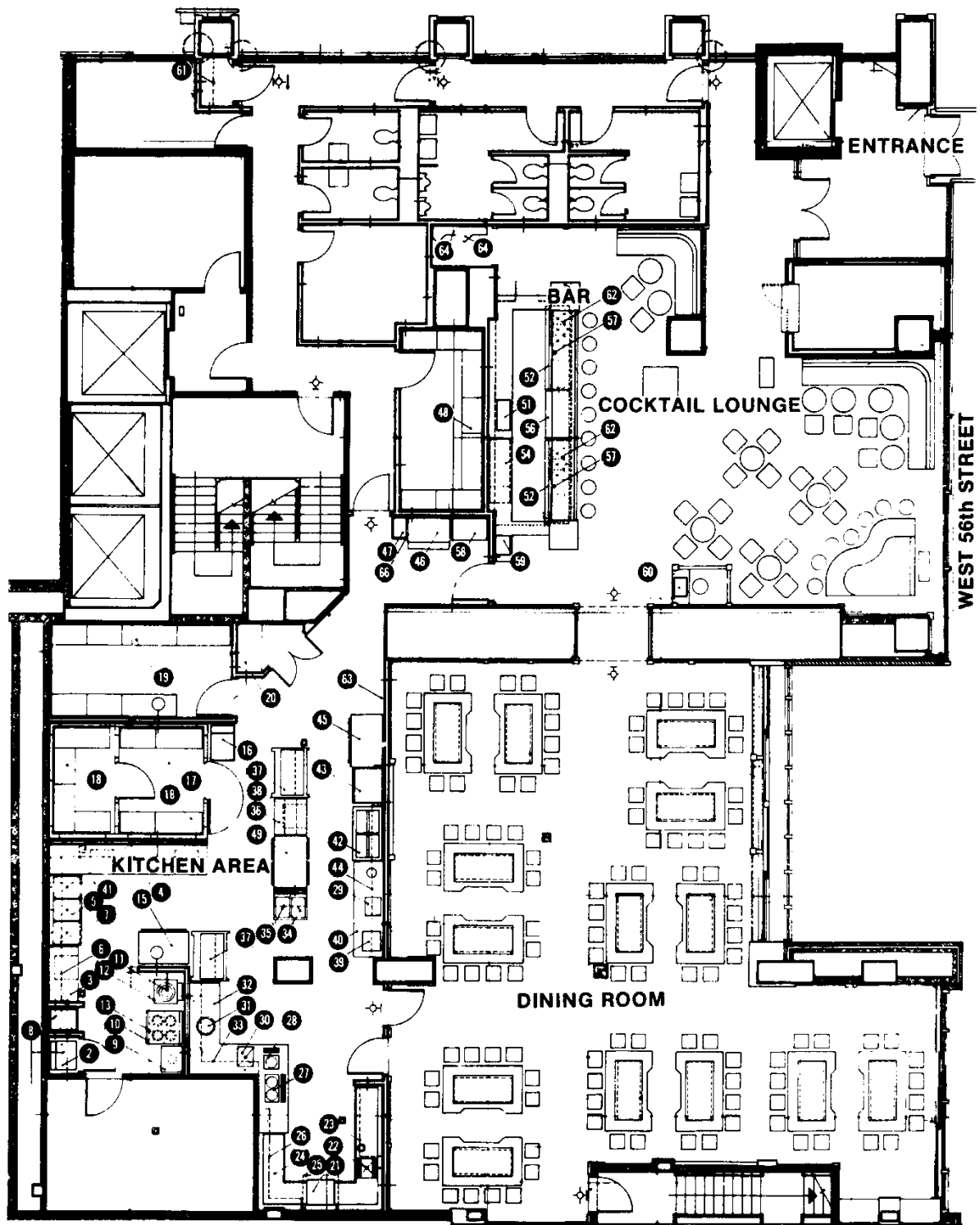
A typical Benihana floor plan



Benihana West on West 56th Street in Manhattan, which replaced the original restaurant Rocky opened, is typical of the standardized 112- to 120-seat restaurant with a 55- to 60-seat cocktail lounge. The typical Benihana operation has 5,000 to 6,000 square feet.

- | | |
|---|---|
| 2 Towel Washer by Hamilton | 35 Overshelf custom |
| 3 Work Table, custom | 46 Work Table, custom |
| 4 Work Table, custom | 37 Open-Front Cold Cast with Adj. Shelves by Tyler |
| 5 Three Compartment Sink, custom | 38 Double Overshelf, custom |
| 6 Double Overshelf, custom | 39 Pre-Check Register by NCR |
| 7 Double Slant Overshelf, custom | 40 Utility Table with Dipperwell, custom |
| 8 Rice Stocker, custom | 41 Double Overshelf, custom |
| 9 Rice Cooker | 42 Ice Cream Dipping Cabinet by Schaefer |
| 10 Range With Oven by Vulcan Hart | 43 Ice Cream Storage Cabinet by Schaefer |
| 11 Stock Pot Stove by Vulcan Hart | 44 Double Wallshelf, custom |
| 12 Swing Faucet | 45 Reach-In Freezer by Traulsen |
| 13 Exhaust Hood, custom | 46 Ice Cube Maker by Kold Draft |
| 15 Reach-in Refrigerator by Traulsen | 47 Ice Crusher by Scotsman |
| 16 Scale by Howe Richardson | 48 Adjustable Modular Shelving by Market Forge |
| 17 Combination Walk-in Cooler-Freezer by Bally | 49 Pass-Through Refrigerator by Traulsen |
| 18 Adjustable Modular Shelving by Market Forge | 50 Sake Warmer |
| 19 Adjustable Modular Shelving by Market Forge | 51 Cash Register by NCR |
| 20 Shelf, custom | 52 Underbar Workboard by Perlick |
| 21 Dishwasher with electric booster by Champion | 54 Back Bar Refrigerator by Perlick |
| 22 Soiled Dishtable with Pre-Rinse Sink, custom | 56 Underbar Bottle Cooler by Perlick |
| 23 Slant Overshelf, custom | 57 Remote Soda System Dispensing Station by Perlick |
| 24 Clean Dishtable, custom | 58 Remote Soda System Power Pak with Stand by Perlick |
| 25 Exhaust Hood, custom | 59 Pre-Check Register by NCR |
| 26 Double Wallshelf, custom | 60 Cash Register by NCR |
| 27 Twin Soup Urn by Cecilware | 61 Shelving, custom |
| 28 Single Tea Urn by Cecilware | 62 Glasswasher by Dorex |
| 29 Towel Warmer | 63 Time Clock |
| 30 Water Station with Sink, custom | 64 Telephone Shelf Booth |
| 31 Rice Warmer | 65 Platform Truck by Roll A. Liss |
| 32 Utility Table, custom | 66 Utility Table, custom |
| 33 Double Wallshelf, custom | |
| 34 Two Compartment Sink, custom | |

Exhibit 2 (continued) Floor Plan (continued)



Source: Benihana Corporation.

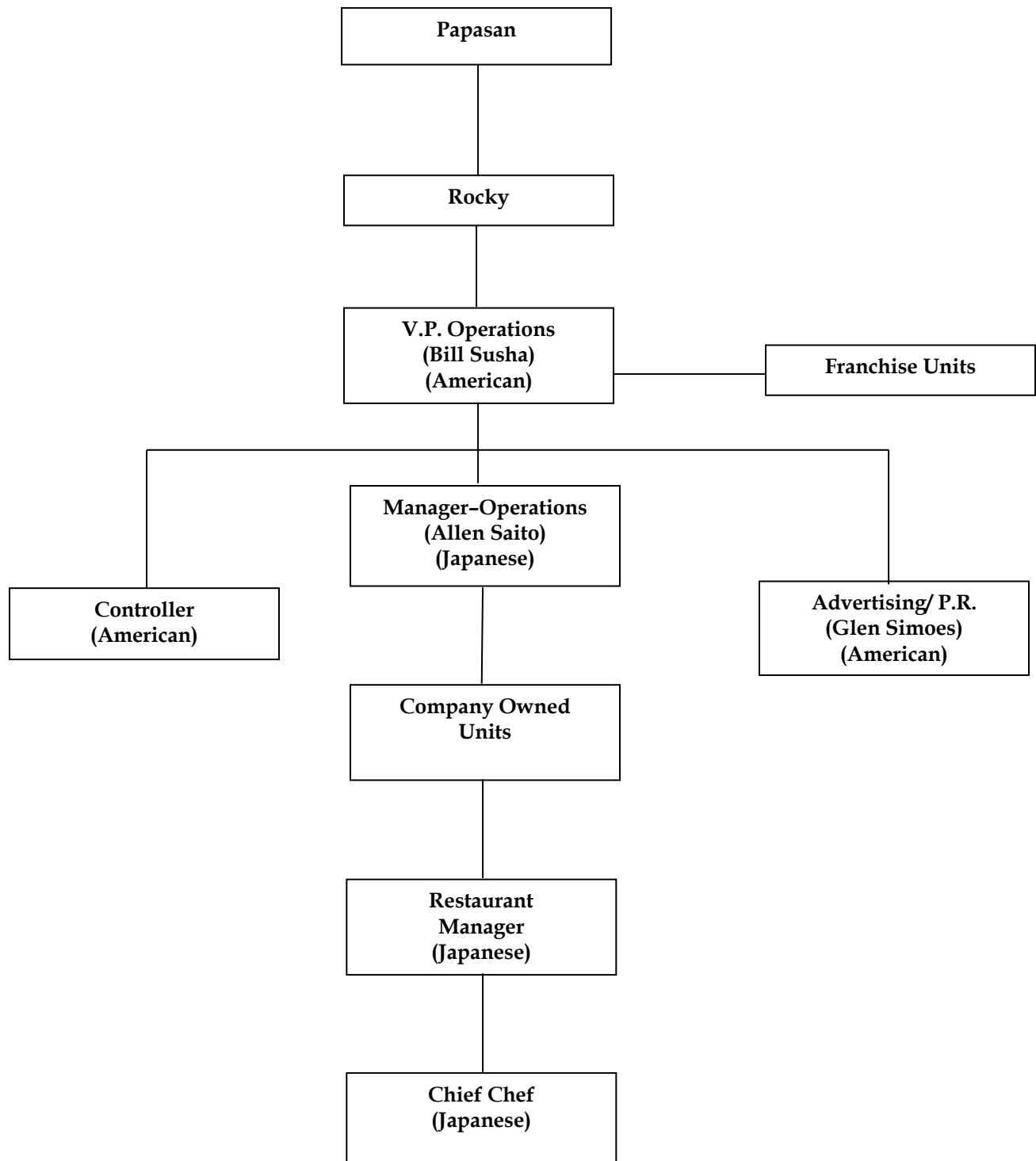
Exhibit 3 Organization Chart

Exhibit 4 What the Customers Think

Every foodservice operator thinks he knows why customers come to his operation. Benihana, which has served millions of customers over the years, a high percentage of which were repeat business, thought it knew.

But when he joined as V-P of operations, Chad Conrad wanted to be sure the hallowed presumptions were true.

He devised a questionnaire, and arranged that it be handed to departing customers. A remarkable number took the time to fill out and return the form.

The percentage figures shown here are averages of six stores. While there were many variations from unit to unit, the general thrust was constant, so the six-store figures have been averaged to save space.

The six units included the three in New York City, plus Chicago, Encino, Cal., and Portland, Or. The questions and averages are as follows:

Are you from out-of-town?		Atmosphere is:	
Yes	38.6%	Satisfactory	6.3%
No	61.4	Good	29.9
Here on:		Excellent	63.2
Business	38.7%	Would you consider yourself a lunch or dinner customer?	
Pleasure	61.3	Lunch	17.3%
Do you live in the area?		Dinner	59.0
Live	16.0%	Both	23.7
Work	35.9	Which aspect of our restaurant would you highlight?	
Both	45.1	Food	38.2%
Have you been to a Benihana in another city?		Atmosphere	13.0
Yes	22.9%	Preparation	24.6
No	77.3	Service	16.3
How did you learn of us?		Different	2.2
Newspaper	4.0%	Friendly	2.4
Magazine	6.9	Other	3.3
Radio	4.6	How frequently do you come to Benihana	
Recommended	67.0	Once a week or more	12.1%
TV show	1.0	Once a month or more	32.5
Walk by	5.0	Once a year or more	55.6
Other	11.5	Age:	
Is this your first visit?		10-20	4.2%
Yes	34.3%	21-30	28.3
No	65.7	31-40	32.0
What persuaded you to come?		41-50	21.4
Good food	46.7%	51-60	10.1
Service	8.2	60 and over	4.0
Preparation	13.1	Sex:	
Atmosphere	13.3	Male	71.4%
Recommendation	5.7	Female	28.6
Other	13.1	Income:	
Food was:		\$ 7,500-\$10,000	16.8%
Satisfactory	2.0%	10,000- 15,000	14.2
Good	20.1	15,000- 20,000	17.3
Excellent	77.9	20,000- 25,000	15.0
Portions were:		25,000- 40,000	17.9
Satisfactory	21.8%	40,000 and over	18.7
Good	33.0	Occupation:	
Excellent	45.4	Managerial	23.0%
Service was:		Professional	26.6
Satisfactory	9.8%	White collar	36.9
Good	21.6	Student	6.9
Excellent	71.3	Housewife	5.0

Exhibit 5 Summary of Benihana's Marketing Philosophy

No icky, sticky, slimy stuff

"Part of what makes Benihana successful," Rocky Aoki believes, "is our advertising and promotion. It's different, and it makes us seem different to people."

Indeed it is, and does. Much of the credit belongs to Glen Simoes, the hip director of advertising and public relations for Benihana of Tokyo. With a background mostly in financial public relations, Simoes joined the chain a little over two years ago to help open the flagship Benihana Palace. Since then, he's created a somewhat novel, all-embracing public relations program that succeeds on many levels.

"My basic job," he explains, "is guardian of the image. The image is that of a dynamic chain of Japanese restaurants with phenomenal growth." Keeping the image bright means exposure. Part of the exposure is a brilliant advertising campaign; part is publicity.

Each has its own function. Advertising is handled by Kracauer and Marvin, an outside agency, under Simoes' supervision and guidance. Its function is to bring in new customers.

"Our ads," Simoes points out, "are characterized by a bold headline statement and an illustration that make you want to read on. The copy itself is fairly clever and cute. If it works properly, it will keep you reading until you get the message—which is to persuade a stranger to come into Benihana."

"The ads are designed to still fears about icky, sticky, slimy stuff," he adds. "We reassure folks that they will get wholesome, familiar food, with unusual, unique and delicious preparation, served in a fun atmosphere. We want to intrigue the people celebrating an anniversary or taking Aunt Sally out to dinner. A Japanese restaurant would normally never cross their minds. We're saying we're a fun place to try, and there's no slithery, fishy stuff."

"We have an impact philosophy. We go for full pages in national publications on a now-and-then basis, rather than a regular schedule of small ads. We want that impact to bring the stranger into Benihana for the first time. After that, the restaurant will bring him back again and again, and he will bring his friends."

"We do a good media mix," Simoes concludes. "We advertise in each of the cities in which we operate. Within each market we aim for two people: the resident, of course, but even more, the tourist-visitor. With them you know you're always talking to new people. We appear in city entertainment guides and work with convention and visitor bureaus to go after groups and conventions."

The second factor is publicity. Here, the intent is not the quantity of mentions or exposure, but the type. As Simoes sees it, "We are building. Each mention is a building block. Some are designed to bring customers into the store. Some are designed to bring us prospective financing, or suppliers, or friends, or whatever. We work many ways against the middle. And the middle is the company, the people, Rocky, the growth and all of it put together that makes the image."

Introducing Benihana of Tokyo.



Publicity takes many forms, it's media stories, and TV demonstrations. Simoes cites clipping and viewing services to prove that every day of the year, something about Benihana appears either in print or on radio or TV, a record he believes is unique. Publicity is department store demonstrations, catering to celebrities, hosting youth groups, sending matchboxes to conventions and chopsticks to ladies' clubs, scheduling Rocky for interviews and paying publicists to provide oneliners to columnists.

But no engine runs without fuel. And Rocky believes that advertising and promotion are a good investment. Believes so strongly, in fact, that he puts an almost unprecedented \$1 million a year into advertising, and probably half that again into promotion, for a total expenditure of nearly 8½% of gross sales in this area.

A few months back, Simoes, wholeheartedly pitching his company to a skeptical magazine writer, said heatedly there are "at least 25 reasons people come to Benihana." Challenged on the spot, he came back a few days later with a list of 31. They are:

1) the quality of the food; 2) the presentation of the food; 3) the preparation of the food; 4) the showmanship of the chef; 5) the taste of the food; 6) authenticity of construction; 7) authenticity of decor; 8) continuity of Japanese flavor throughout; 9) communal dining; 10) service—constant attention.

11) Youthfulness of staff; 12) frequent presence of celebrities; 13) excitement created by frequent promotions; 14) type of cuisine; 15) moderate price; 16) the uniqueness of appeal to the five senses; 17) the recent growth in popularity of things Japanese; 18) quick service; 19) unusual advertising concept; 20) publicity.

21) No stringent dress requirements; 22) recommendations from friends; 23) the basic meal is low-calorie; 24) banquet and party facilities; 25) the presence of Rocky Aoki, himself; 26) chance to meet people of the opposite sex; 27) the presence of many Japanese customers (about 20%); 28) locations in major cities giving a radiation effect; 29) acceptance of all major credit cards; 30) the informality of the dining experience; and 31) the use of the restaurant as a business tool.

Benihana.
New York's first
Japanese restaurant
devoted to
hibachi cooking,
proudly announces
a grand total of
13 imitators.

Come see what
the imitators
are trying to
imitate.



The Mission of Rocky Aoki



It was so delicious
by the handwork.
It couldn't be forged to
eat the result.

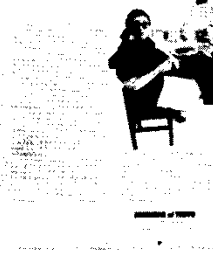


Exhibit 6 Benihana of Tokyo Advertisement

Go forth now and cook amongst the Americans.

It's not easy earning the right to feed the people of America.

No, it's no picnic getting admitted to the league of Benihana chefs.

First, you must serve a 2 year apprenticeship in Japan. Then you must be accepted at the Benihana College of Chefs in Tokyo. There you have to spend fifteen gruelling weeks under Master Chef Shinji Fujisaku. You don't graduate unless the Master certifies that you've become an absolute whiz at Benihana's special style of Hibachi cooking (Japanese grill cuisine as opposed to classical Japanese cuisine.)

And what are some of the teachings of the Master?

Well, one of the first has to do with the cutting of the meat. "A Benihana chef is an artist, not a butcher," the Master says. So you must learn to wield a knife with dazzling grace, speed and precision. Your hands should move like Fred Astaire's feet.

You also learn that to a Benihana chef, Hibachi cooking is never solemn. As the Master says "It's an act of pure joy." So joy, really, is what you must bring to the Hibachi table. A joy that the people around you can see and feel. A joy they can catch as you sauté

those jumbo shrimps. Or as you dust that chicken with sesame seeds. Or as you slam that pepper shaker against the grill and send the pepper swirling over those glorious chunks of steak.

Perhaps most important of all, is this saying of the Master's: "Benihana has no cooks. Only chefs."

Which means that while you should be joyous, you must always strive for perfection. So you learn everything there is to learn about sauces and seasonings. You labor to make your shrimp the most succulent shrimp anyone's ever tasted. Your sirloin the most delicious and juicy. Your every mushroom and bean sprout a song.

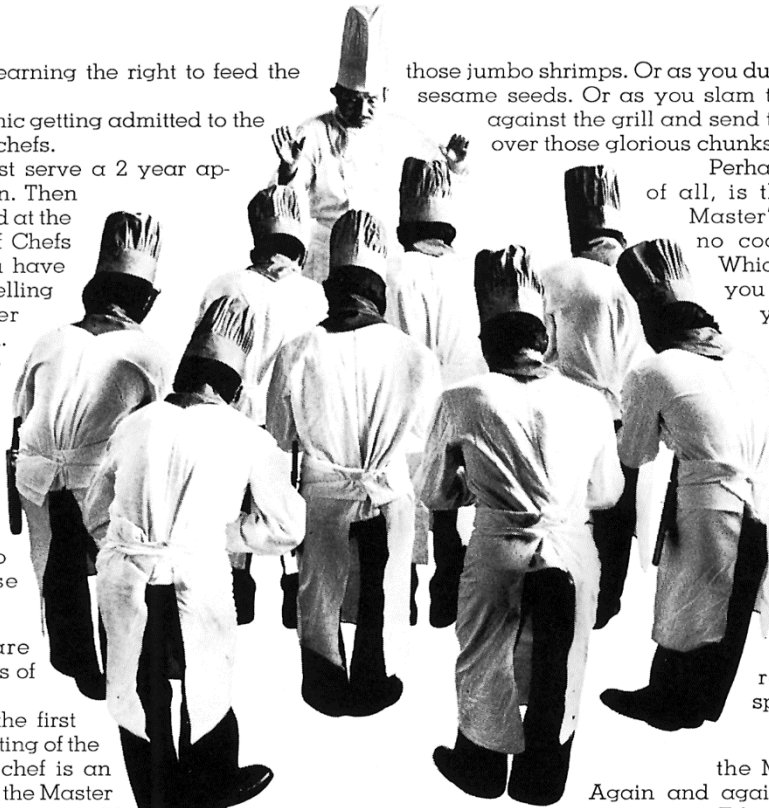
Over and over the Master drills you.

Again and again you go through your paces. Fifteen exhausting, perfection-seeking weeks.

But the day comes when you're ready. Ready to bring what you've learned to the people of such far-away places as New York, Chicago and Los Angeles. It's a great moment.

"Sayonara, Honorable Teacher," you say.

"Knock 'em dead, Honorable Graduate," he replies.



BENIHANA of TOKYO

New York—Benihana Palace 15 W. 44 St., 682-7120 • Benihana East 120 E. 56 St., 593-1627 • Benihana West 61 W. 56 St., 581-0930
Boston, Harrisburg, Fort Lauderdale, Chicago, Seattle, Portland Ore., San Francisco, Las Vegas, Encino, Marina Del Rey, Beverly Hills, Honolulu, Tokyo.

Exhibit 7 Benihana of Tokyo Advertisement



THEATER OF THE STOMACH

It's a little scary at first. There you are sitting around this enormous table (which turns out to also be a grill) when suddenly he appears. A man dressed like a chef but with the unmistakable air of a samurai warrior. He bows. Just to be on the safe side, you bow back.

Smiling inscrutably, he takes out a knife. You make a grab for your chopsticks.

He reaches into the cart he's wheeled in. From it he brings out rows of these really beautiful fresh whole shrimps.

Suddenly, the man turns into a kind of whirling dervish. Zip.

Zip, zip... his knife flashes through the rows like lightning. The shrimps (now cut into bite-size morsels) seem to dance to the center of the grill. He presses on. With magnificent, sweeping gestures he adds freshly ground pepper to the shrimps. Then butter. Then soy sauce. The action never stops. He even spins around and throws sesame seeds out from over his shoulder.

At last comes the moment of truth. He flips a sizzling shrimp directly on your plate. You taste it. You have a small fit of ecstasy.

Naturally, that's just the first scene. The show goes on this

way... course after course after course. He performs. You eat. He performs again. You eat again. Steak. Chicken. Mouth-watering vegetables of every variety. You've never had such a feast, you've never seen such choreography.

Finally, it's over. He bows. You sigh. He thanks you. You thank him. He walks off.

If you weren't so full you'd get up and give him a standing ovation.

BENIHANA of TOKYO

New York — Benihana Palace 15 W. 44 St., 682-7120 • Benihana East 120 E. 56 St., 593-1627 • Benihana West 61 W. 56 St., 581-0930
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Exhibit 8 Benihana of Tokyo Advertisement

Two philosophies of the steak.

The basic philosophy of the American restaurant.

The chef throws a slab of raw steak into the kitchen broiler. It sits there until it's rare, medium or well-done. The waiter brings it to your table. You eat it.

The Benihana philosophy.

The chef comes right up to your hibachi table. (Why shouldn't you see the man who's actually creating your meal?)

He bows. (There's no reason why a chef can't be a gentleman.)

He sets the raw steak in front of you. (Isn't it nice to see for yourself that you're getting the very freshest, prime cuts?)

He asks you how you want it. (There's no luxury like the luxury of dealing directly with your chef.)

He cuts your steak into bite-size morsels. (Why should you have to perform any labor?)

His knife begins a snappy, rhythmic attack on the onions. (We believe there's as much drama in a dancing onion as in a dancing chorus girl.)

He slams the pepper shaker against the grill. (It's not good for a chef to suppress his excitement.)

As he cooks he adds all kinds of Japanese sauces and seasonings. (No, Worcester sauce is not part of our theory.)

At last he puts the sizzling steak directly on your plate. (The world's fastest waiter couldn't serve you better.)

You eat it. (Tell us. Has there ever been a more palatable philosophy?)

BENIHANA of TOKYO

Exhibit 9 Benihana of Tokyo Advertisement

The Mission of Rocky Aoki

When Rocky Aoki, owner of Benihana, came to America about ten years ago, this was how a great many Americans felt about Japanese food:

- (1) It wasn't as good as Chinese food.
- (2) It was mostly sukiyaki and soup that tasted like hot brown water.
- (3) If you ordered anything besides sukiyaki, you'd wind up with raw, slithery fishy things.
- (4) OK, the food was very prettily arranged. But you walked out twice as hungry as when you walked in.

"My task is clear," said Rocky. "I'm going to change the way Americans think about Japanese food. I'm going to introduce hibachi cooking to America."

(Hibachi cooking or cooking on a grill, is nothing at all like the highly stylized classical Japanese cuisine.)

And so, in 1964, Rocky opened the first Benihana. It broke all the rules. You couldn't get sukiyaki there. Or raw fish. There wasn't even a conventional kitchen. You just sat around this big hibachi table—a combination grill and dining table—and waited for your chef to appear.

When he did, he came bearing a feast. Basket upon basket of beautiful fresh meat, poultry

and vegetables. Then, right in front of you, he sprang into action. Slicing, seasoning and cooking, he prepared your meal with a speed and skill bordering on wizardry.

It was hard to believe. No exquisitely carved carrot slices. No wispy vegetables arranged in perfect flower patterns. Instead, solid food in abundance. Jumbo shrimps sauteed with lemon. Succulent chunks of steak. Young chicken dusted with sesame seeds. Mushrooms, scallops, beansprouts—served not together in some kind of mish-mash, but individually. It was enough to bring joy to the most jaded gourmet, bliss to the most ravenous appetite.

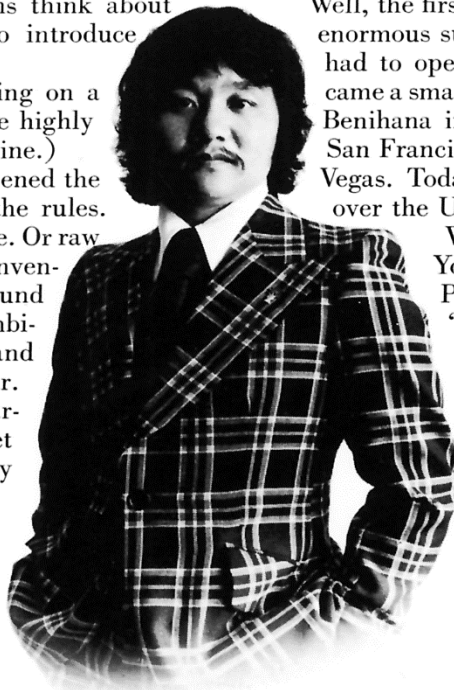
Well, the first New York Benihana was an enormous success. Within a year, Rocky had to open another one. That too became a smash. Soon Rocky was opening a Benihana in Chicago. And then one in San Francisco. And then another in Las Vegas. Today Rocky has Benihanas all over the United States.

When he opened his third New York Benihana—the Benihana Palace—Rocky Aoki declared: "I'll consider my mission accomplished when everyone in America has tried hibachi cooking at least once."

Come in and give a nice Japanese boy a break.

BENIHANA of TOKYO

No slithery, fishy things.



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 Atlanta, Boston, Fort Lauderdale, Harrisburg, Chicago, Denver, Bethesda Md., Bala Cynwyd Pa.; Seattle, Portland, Ore., San Francisco,
 Las Vegas, Encino, Beverly Hills, Marina Del Rey, Miami, Houston, Honolulu, Tokyo, Toronto.