

Edo Japan finds life outside mall food courts

Edmonton is home to chain's 100th restaurant

BY BILL MAH, EDMONTONJOURNAL.COM MAY 11, 2011



Thomas Donaldson, left, President & CEO of Edo Japan, and Nelson Rodriguez, right, Edo Japan franchise owner, outside the 100th Edo Restaurant to open at Namao Shopping Centre in Edmonton on May 10, 2011.

Photograph by: Larry Wong, edmontonjournal.com

EDMONTON - How does a mall food-court restaurant chain expand when hardly anyone builds enclosed malls anymore?

For Edo Japan, the answer was straying from the food court to the street.

“We went out and did a little research and asked people where they were eating, and they didn’t mention us in their top three,” said Tom Donaldson, Edo’s president, chief executive and owner.

“They said they loved us, but we weren’t close to where they lived or where they shopped.”

So the company turned to suburban power centres where many of its customers were shopping and living in nearby neighbourhoods.

The Calgary-based company opened its first stand-alone restaurant in 2002, and now it’s launching its

37th street-front restaurant in Edmonton. The Edo, at the new Namao 160 power centre at 97th Street and 160th Avenue, is also the chain's 100th restaurant.

The company still has 63 restaurants in shopping malls, but 90 per cent of its future development is expected at street locations.

Competition for power centre and street-front locations can be fierce, too, but Edo is a proven performer for landlords, Donaldson said.

Going outside the mall has proven to be a savvy marketing move.

"We thought we were mainly in the lunch business," Donaldson said. "We found out that half of our business comes after four o'clock, so we became a good alternative for dinner."

Donaldson said Edo, with its Japanese Teppan-style griddle cooking, fits between fast food and casual dining. "In the industry, we call it fast-casual."

The franchise chain, with locations in Western Canada and Ontario, has grown to more than \$60 million in annual sales from about \$10 million in 1999, said the former president of Moxie's.

In the Edmonton region alone, its 25 Edos serve nearly 2.5 million meals a year.

The company was founded in 1979 in Southcentre Mall in Calgary by Susumu Ikuta, a Japanese Buddhist minister.

Ikuta left in 1999 to become bishop of the Buddhist Churches of Canada. That's when Donaldson took over with a small equity earn-in position and later purchased the balance of outstanding shares in 2006.

Edo franchises cost about \$425,000 for a street-front restaurant and about \$300,000 for a mall location.

Nelson Rodriguez owns five Edmonton-area Edos, including the new Namao location. "I'm not just confident in the economy; I'm confident in the brand," Rodriguez said.

"I did my research before going into Edo. In the restaurant business, food cost is one of the biggest costs besides labour. With Edo Japan, it's as you order, so there's no food waste."

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