

Rewiring the social circuit

Months before opening, a new exclusive club in Honolulu has attracted more than a thousand members by using a novel marketing approach.

WHEN Gene Axelrod returned to Hawaii three years ago, he jokingly says that his aim was to play golf every other day. Axelrod had earlier done a hitch in the Islands as a computer firm executive and then had moved to Washington, D.C. In 1976, he quit his computer job and came back to Hawaii in search of entrepreneurial opportunity, as well as the chance to work on his golf game.

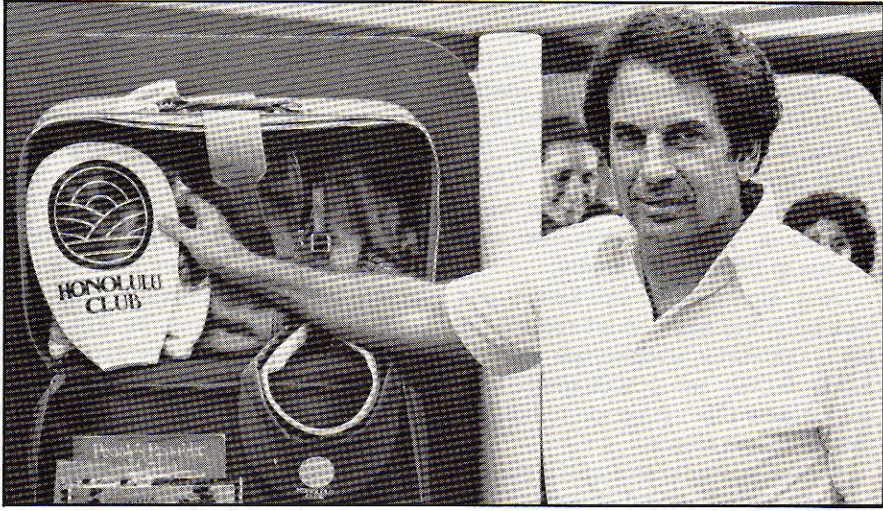
Since then, the 40-year-old Axelrod, whose tanned features resemble a less craggy Elliot Gould, has managed to meet just one of his objectives. His golf handicap has dropped from four to ten, but as an enterprising developer he has fared much better. In fact, Axelrod and a band of imaginative backers are about to blaze not only a new path in commercial developments in Honolulu, but at the same time breathe new life into the tradition-hardened rules of the local social scene as well. For Axelrod is the standard bearer for the Honolulu Club, the latest and quite likely the most determined challenger in generations to those venerable bastions of high society the Pacific and Outrigger Canoe Clubs and their "country" cousins, the Waialae and Oahu Country Clubs.

The base from which this discreet assault is being launched is the structure now abounding at the corner of Ward Avenue and South King Street, a site occupied in recent years by the stately THCF Financial Corp. had hoped would be a medical office building. Today, the foundations are covered by what soon will be the \$8-million home of the Honolulu Club, eight stories and 176,000 square feet of the best entertainment and exercise facilities—with a dash of commercial space thrown in—that money can buy.

If this elaborate mix seems out of place within earshot of the City & County's bus yard, that hasn't deterred the club's ambitious backers. To hear Axelrod and his impressive cortege of cohorts tell it, it's the bus yard that's out of place. But what's

much more outmoded, and what gives the new club its *raison d'être*, is the shortage of facilities available for a whole generation of Honoluluans who either don't or can't find in the community's present clubs an adequate avenue for their social and other aspirations.

When the Honolulu Club opens its doors in April, its anticipated 1,400 members will come from a wide range of backgrounds. Among the few things that all are certain to have in common is the desire to carve a fresh, here-and-



The Honolulu Club's Gene Axelrod: Breathing new life into Hawaii's tradition-hardened social scene.

now *niche* in the local social strata that, the club's boosters claim, has grown musty with the explosive growth that has swept Hawaii in the last 20 years. In addition to that common denominator is the members' willingness to pay the price that re-wiring the social circuit involves. For, at entry fees currently as high as \$1,140 and climbing, the new establishment on South King Street is hardly a working man's edition of the Outrigger Club (whose initiation cost is \$2,000, for those who can get in).

It's this pricey, chrome-edged glitter, shining through a subdued but well-orchestrated marketing campaign, that is the secret of the Honolulu Club's apparent success. Simply put, the big appeal of the club for those

who have backed and are joining it—all at considerable expense—is that it provides a new and trendy place at which Honolulu's *nouveau* and would-be *nouveau riche* can arrive in a style befitting the 1980s. For, Axelrod and his image-conscious associates stoutly maintain, the Honolulu Club is not a substitute for the town's time-honored social establishments, but an updated supplement. Of the club's first 850 members, 38 percent already belonged to one or more of the city's established clubs, says Axelrod.

But no matter how it's explained, from strictly a marketing viewpoint, the allure of a spanking new status symbol in this materialistic age has to be close to the heart of the Honolulu Club's rationale from conception to execution.

That conception took place about three years ago, just after Gene Axelrod's return from the Mainland. He broached the notion of a socially



The Honolulu Club is rising on a prime, centrally-located site.

that now adorns the club's stationery. So is Rocky Aoki, a sometimes local resident who heads the sprawling Benihana of Tokyo restaurant chain. Investment counselors Franklin Tokioka and Robert Amonn are on the list, as are attorneys Jeffrey Watanabe, Robert Bunn and Douglas Prior, doctors Donald Jones, Winfred Lee and Harold Nekonishi, and jewelry manufacturer Edward Sultan.

If the directors roster isn't exactly a who's who of local society, it's a pretty fair representation of Honolulu's doctors, lawyers, merchants and chiefs. And that's its purpose. For among the 35 founders is not only the financial clout to get the project going, but the recognition factor needed to attract hundreds of followers from the swath of business-oriented comers that are the club's major market. Marketing pundit Vance Packard, author of "The Status Seekers" and other best-sellers, probably couldn't have done a better job of compiling a likely list of founders.

Chief founder Axelrod doesn't like to discuss this aspect of his club's appeal, but he doesn't altogether deny the motive. "I don't like to put labels on people," he demurs, but later allows, "we've got a high quality membership." But he insists that the big attraction to members, including the majority who are already card-carrying clubbers, is that they want to be part of the Honolulu Club because it's more "activity oriented" than other, older establishments.

However, it wasn't market appeal alone that got the club rolling. Early on, Axelrod substantiated his idea

with a feasibility study prepared by Economic Research Associates. With those results positive, the founders looked for a suitable site. Eight possible locations were studied, including the vacant corner of Ward and South King. Of the eight, the Ward and South King site got easily the highest marks, says Axelrod, because of its central location and easy access.

Next came the problem of financing the project. With more than \$1,700,000 already committed from the founding directors, Axelrod's company, Knight Development Corp., had little trouble securing loans of \$1.25-million each from Bank of Hawaii and the American Security Bank. After that, two presentations about the project brought the State of Hawaii Employees Retirement System into the fold with another \$2.5-million to make \$5-million of permanent financing. Axelrod now is going back to the banks to secure another \$2-million permanent loan which he hopes will be enough to tide the club over during its early days.

With primary financing secured, the club's marketing drive began in earnest in late 1978. Initially, the 35 founding directors invited their personal friends to join the club. Those new members in turn wrote lists of their friends, who were then invited to join. At no time did the club solicit other kinds of membership, relying more on word of mouth and social appeal to increase membership.

From the beginning, activities were carried out on a grand scale. Each prospective member was sent an attractive package of club materials along with a cover letter explaining the membership. Applications were restricted to those sponsored by a founding director or member. Other applications, says Axelrod, were not even considered. And some persons who walked in off the street with their money in hand were rejected unless they could find a sponsor.

Prospective members also were invited to membership parties and to talks at the club's plush "sales" offices on Fort Street Mall. On center stage in the office there is a scale model of the building surrounded by large color photos of similar exclusive clubs, an artist's conception of the club and a well-stocked pro-shop with fashionable athletic wear. When prospective members visit the office they often are treated to a wine and lobster luncheon and a smooth sales pitch from one of a bevy of attractive hostesses.

See other side →

The marketing approach, placing emphasis on the club's "prestigious membership and outstanding location," has obviously worked. Axelrod says close to 40 percent of those invited to join so far have paid their initiation fees. For a club which as yet can only promise good times but can't deliver until at least late March, those dues aren't cheap.

Basically, club memberships fall into two categories. There are transferable memberships, which can be sold back to the club for 70 percent of their cost, and non-transferable, which can't be sold. Both types of members, however, will be able to sign in guests. Back in March, a transferable charter membership for a man cost \$800. The price has been raised three times since then to a current \$1,140.

By the time the club opens, it's projected that men will pay a transferable initiation fee of \$1,600. Married couples then will pay \$2,400 and women \$1,300. Meanwhile, non-transferable memberships range at present from \$600 for women to \$940 for couples.

Come next April, couples will be expected to pay a non-transferable membership fee of some \$1,400, men \$1,100 and women \$900. Besides the initiation fees, monthly membership dues will be \$35 for women, \$42 for men and \$62 for couples. Of the 1,260 memberships accepted by mid-October, the ratio was 57 percent men to 43 percent women. The average age of members is what Axelrod calls a "socially oriented group," mostly between 35 and 50 years.

For their money, members will gain access to what is likely to become a formidable addition to the city's other restricted membership clubs. Not that the developers see it as supplanting either such venerable institutions as the Pacific Club or the Outrigger Canoe Club, or, for that matter, the strictly health-oriented fitness spas that now dot the landscape. The Honolulu Club, the backers indicate, will provide the best of both worlds.

What can members expect for their money? For starters, at street level, there are scheduled to be two restaurants, including "The Good Earth," a natural foods eating house operated by a California-based company. The restaurant, scheduled to be open to the general public, signed a 20-year lease in October. The lease for the second restaurant on the street level still has not been signed.

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great Herman Wedemeyer. Part of his role is to set up an executive health and fitness program, which will be offered at extra cost to members. It will include stress management workshops, a jogging club, physicals, and individual fitness programs.

While health and fitness remain integral parts of the club, hundreds of members have been signing up more for the social recreation than for athletic purposes. Planned are backgammon, cribbage and bridge tournaments, dance classes and fashion shows, Las Vegas nights and trips to cultural events. Rocky Mountain buffs will find ski conditioning, Steelers fans will be able to vent their lungs at Monday Night Football parties, and budding gurus will perhaps find nirvana during the yoga sessions. And for traveling club members reciprocal privileges have been set up so far with 49 similar clubs in some 20 states, Europe, Australia and Japan.

Downstairs there are parking stalls for 250 vehicles and a series of fully rented offices. According to Axelrod, demand for office space was so great that the building's design was changed to add an extra floor. Those lucky enough to secure space include some investors, psychologists and a group of doctors, people whom Axelrod sees as being synergistic to the club's concept. Even at \$1.35 a square foot, which Axelrod acknowledges as expensive for an out-of-downtown location, he says he has a stack of names of office space seekers an inch thick. The developers, however, weren't allowed to add more stories to the building because of State building regulations.

Those State laws weren't the only barrier the developers faced when they sought the prime site. They had to delicately steer their way around the well-publicized THCF Financial Corp. bankruptcy proceedings. THCF Corp. had planned to construct a 19-story medical office building on the site. It cost the Knight Development Corp. close to \$500,000 to buy a leasehold interest on the site, money which went to pay THCF creditors and the site's landowner James Wong for back rent.

With these legal and financial hassles now behind him, Axelrod predicts smooth sailing ahead for the Honolulu Club. Today the biggest problem in his mind is whether everything will be ready for opening in four months. Perhaps after that he'll have time to address a more personal question: How to improve a deteriorating golf game. ■

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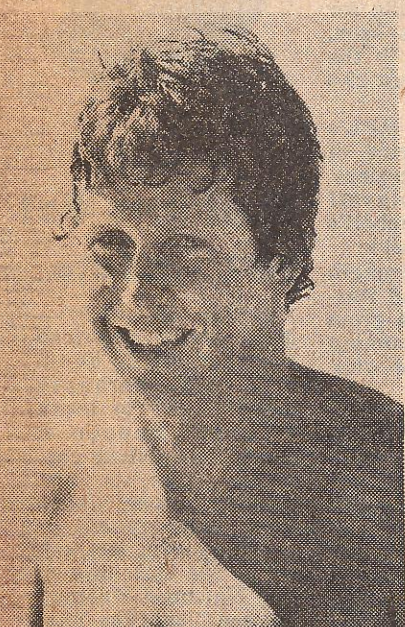
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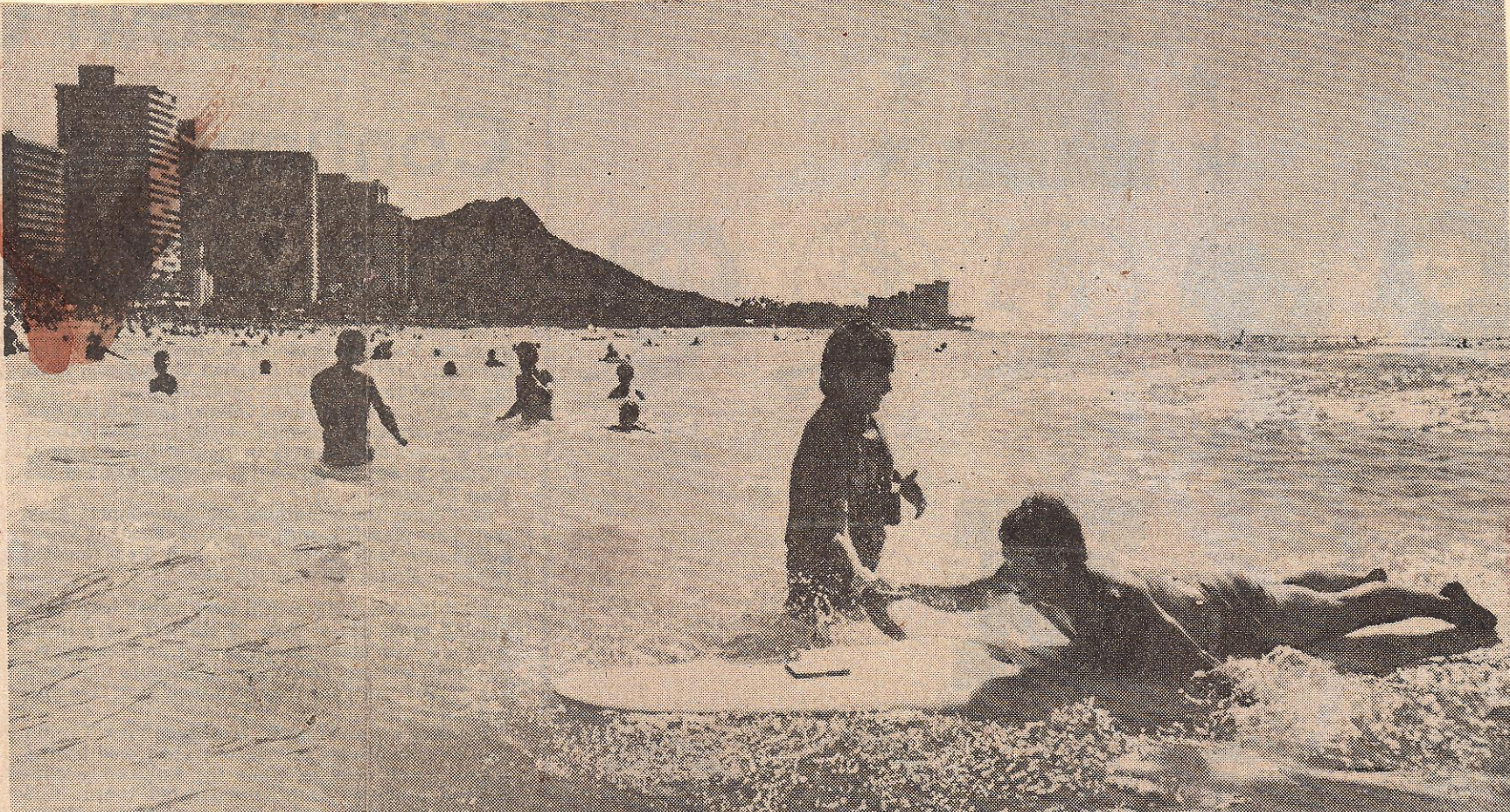
SPORTS Section

Wednesday, December 26, 1979 Honolulu



Top Paddler

Jimmy Dean of the Outrigger Canoe Club (left) won yesterday's six-mile Diamond Head Surfboard Paddling Championship. At right he is congratulated at the finish line by George Downing of the sponsoring Waikiki Beach Club.—Star-Bulletin Photos by Craig Kojima.



One Paddle, Two Paddle...and OCC's Dean Wins Race

By Jack Wyatt
Special to the Star-Bulletin
"Say young man, move your surfboard, you're blocking my sun."
"Hey, you're stepping on my beach mat."
"Ow! Get that board off my foot."
"Now you've done it, you've knocked over my beer."
"Watch it, you're kicking sand in my face."
Coney Island over Labor Day? Not at all. This was simply Waikiki

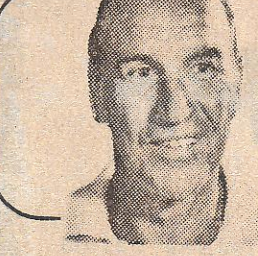
Beach on a warm and sunny Christmas Day during yesterday's annual Diamond Head Surfboard Paddling Championships.
The fat, the trim, the pale sun-worshippers by the thousands turned out. Waikiki Beach yesterday was a human zoo.
But through the maze of tourists catamarans, novice surfers, and frolicking swimmers, Outrigger Canoe Club's Jimmy Dean paddled undaunted and won the championship with apparent ease.

"I GOT LUCKY I guess," said the 29-year-old Dean after beating seven competitors over the six-mile Waikiki-to-Diamond Head buoy, and return, course.
"I'm not really a surfboard paddler at all, but an outrigger canoe paddler. I led all the way. The water became a little choppy around the Elks Club, and near Diamond Head. But I didn't have that much trouble. This is my first paddleboard race and I enjoyed it."
Dean, a property management

executive, turned the course in a non-record 63 minutes and 33 seconds, three-and-a-half minutes over runner-up John Scully.
"I would close on Dean but then he would look back and see that I was gaining and then sprint out," said the 15-year-old Scully, a Punahou School freshman.
"On the return leg, I began thinking about salvaging my second place, and on the final sprint to the finish, I found that Patrick Kelly had drawn along side of me, and that Tom Henke was not far behind.

"I QUICKLY CHANGED from a prone-paddling position to a kneeling sprint-stroke and I opened up and finally finished second. I'm exhausted, but happy," Scully said, clutching his monkey pod trophy.
Scully nipped third-place Kelly by a scant 10 seconds, and fourth-place Henke by 15 seconds. Michael Drake, 22, finished fifth.
"On the final sprint I tried to catch Scully but couldn't," sighed Kelly, a 27-year-old Ala Moana Beach lifeguard. "But quite frankly,

I'm pleased to have finished third. I entered this race without knowing what it was, or where it went. I did it as a lark."
According to George Downing of the sponsoring Waikiki Surf Club, Waikiki Beach has changed since the race first began more than 30 years ago.
"I hate to get started on this, but just look around at the massive winner in Hobie catamarans: A crowd. The beach has become hotel-pocketful of airline tickets so he can to-water people. It's sure not like the old days," he sighed.



Nautical Notes

Jack Wyatt

Gifts for Water Buffs

And what gifts did that jolly, round-faced, whiskered, overweight man in the red suit bring to Hawaii's water buffs?
Well, let's take a look.
For Fred Hemmings, surfing promoter: Perhaps he left a host of new sponsors and another fat television contract, while all local surfing professionals Dane Kealoaha and Michael Ho needed was a bucket to tie onto Australian surfers to keep them from winning this season.
For Joe Harding's outmanned Honolulu Canoe Club: let's hope that jolly St. Nick brought a new koa canoe, complete with hidden motor, so that hapless HCC can topple the might of Tom Connor and his Outrigger Canoe Club, and Myron Thompson and his Hui Nalu paddlers.
For Coast Guard Admiral David Lauth: a fleet of new rescue boats would have been well received, while the harried City and County lifeguards could have used some big clubs to knock some sense into the heads of neophyte surfers during Hawaii's big winter surf.
For Dean Ho, Waikiki Yacht Club's Commodore-Elect: A pot of gold to pay for outgoing commodore Don Meyers' massive club improvements, while all that Honolulu attorney Stuart Cowan was asking for was a larger trophy case for his ever-accumulating Transpac Race prizes.
For Kailua's Rick Naish, who is asked of Santa for a barbed harpoon to keep chauvinistic yachtsmen in line, while Kaneohe's El Toro champion, Shirely Trefz, wished for a large handkerchief to hide her embarrassment when she beats her male competition by large margins.
For kayak enthusiast Dr. Dale Adams of Kailua, for paddleboard builder George Downing of Honolulu, and for one-man outrigger canoe competitor Tommy Holmes of wherever there is water: Books on the enjoyment of solo paddling without the hassles of crew, spouses, or girlfriends would have been welcomed.

But for intermediate sailors Ron K. Beers, Jr., Les Vasconcellos, Jr., Kenny Watts, Billy Leary, Tony Miller, Mike Waters, Russell Hoek and Art Silcox, plus, promising junior yachtsmen Sam Gilbert, Patrick O'Toole, Steve Martin, and Steve Thomas: Books on how to humbly beat your elders in sailboat races would have been well received.
But for Cy Gillette and Charles Dole, two veteran yachtsmen who are still winning races, bumper stickers reading, "Stand aside youngsters, we're not over-the-hill yet."
Governor George Ariyoshi and Mayor Frank Fasi had hoped to uncover that long-forgotten slush fund to build more harbors and launching ramps throughout the state, while Island harbor masters everywhere would have appreciated earplugs to dampen the noise made by Hawaii's irate mooring-less boat-towers.
For Honolulu's Mike Doyle, we hope that the jolly fat man brought two things—new boat surveying instruments to replace the ones which were ripped off when Doyle's car was stolen recently, plus, more free sailing time to race his winning El Toro.
Dave Packer, Hawaii's ace powerboat driver and never-ceasing promoter of the sport, could use a giant bulldozer to clean out Sand Island's reluctant-to-move squatters, plus, some funds to build a first-class marine stadium on that site, while all that Island waterskiers were requesting for was for Keehi Lagoon to be cleaned of debris by Christmas Day.
All three University of Hawaii officials—athletic director Ray Nagel, promotions manager Ted Livingston, and sailing coach Lou Foster—wanted for the holidays was a seabag filled with scholarship funds to keep UH's sailing team from sinking, while the right gift for Olympic hopefuls Kui and Yai Lim, and David McFaul, were new boats, fast sails, plus expense money to make a strong Olympic challenge.
And what did marine photographers Phil Uhl, Dick Cleveland and Barbara Lemmon, want for Christmas? Simply fresh film and new cameras to replace that out-dated Iranian equipment that they have been using.
To all Island boaters: May your cruising waters be malie-calm—this holiday season.