



# DELIGHT WITH BEER, IMPRESS WITH FOOD:

## FOODSERVICE OPPORTUNITIES FOR BREWERIES

The number of brands currently available through large beer distribution is staggering. Retail outlets and restaurants are only capable of offering so many different styles of beer products on a consistent basis, making competition fierce among national beer distribution. With more than 7000 craft breweries currently operating in the United States, the craft brewery business model is seeing a shift away from national distribution and toward a more geographically localized focus.

However, like so many other start-up businesses, breweries are often limited based on a variety of budget constraints due to the expenses associated with the equipment needed to create and sell their product. It can be difficult to sell to a broader spectrum of consumers in the marketplace. It's even more difficult to make a profit. Just one more reason why so many breweries are opting to better position themselves locally while focusing on building out their craft and their brand. As such, it has become a more profitable option for breweries to run an establishment that, similar to the brewpub business model, offers their customers not only a great sampling of craft beer, but a variety of food options as well.

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# **7000 CRAFT BREWERIES**

**currently operating in the United States, the craft brewery business model is seeing a shift away from national distribution and toward a more geographically localized focus.”**

Keeping this in mind, there are several choices that an owner/operator of a craft brewery should consider when making the decision to offer food to their customers: food trucks, partnering with a restaurant or going all in and designing and managing their own, full-time restaurant.

## **RESTAURANTS ON WHEELS**

Food trucks are essentially restaurants on wheels. A concept that’s been around for centuries. Their mobile nature makes it possible, and often likely, that they’ll be available in front of businesses, during events and hired for private parties. Specifically designed to cook and prepare meals inside the truck and on the go is one of the biggest advantages they have. They are capable of operating where the demand is, rather than depending exclusively on customers coming to them.



***With thousands of food trucks operating throughout the United States, this is a solid option for breweries to consider.***

A booming food truck landscape could influence a brewery’s decision by providing the added option to partner with one, or a variety of food trucks, as a means of continually updating the menu choices from day to day – tacos on Tuesdays, cheesesteak on Thursdays and Saturdays that are dedicated to barbecue. And depending on the size of the brewery, some may consider having more than one food truck on site at the same time; providing their customers with greater variety and more reasons to stay. Add to this the likelihood that many of these food trucks may already have a loyal following provides an even greater competitive advantage for the brewery.

*“Giving back to the community”,* and how this impacts business, is also worth consideration when partnering with a food truck. The benefits of a brewery / food truck arrangement can be realized by both parties. Breweries that want to maintain a consistent flow of customers by offering a variety of food options would now have the ability to do so. Just as the owners and operators of food trucks would likely see an increase in sales from this relationship; a win-win situation for everyone involved.

***“Food trucks are more than just a means to fill a gap and breweries should identify opportunities that further promote both their craft beer and their brand.”***

As such, they should work closely with their food truck partner(s) to identify the menu options that are served best with a variety of craft beer. Collaborating to promote these food and beer pairing events is essential to driving more traffic and increasing sales, from both ends of the partnership.

## **PARTNERING WITH A RESTAURANT**

Working with a food truck is certainly a viable option for breweries wanting to offer food to their customers. However, some of the more established breweries – those that have been in business for several years, have obtained a solid footing within the community and established themselves with a strong menu of craft beers – may be looking to take a more aggressive next step.

It’s not uncommon for there to be an existing relationship between brewery owners and restaurateurs.



***The brewery may have the space to accommodate for a restaurant, while the restaurateur has the funding and experience to open a new (or additional) restaurant.***

Both parties involved have met their goals and realized their dreams and now have an opportunity to work alongside one another, but as separate entities.

A large part of the financial burden associated with opening and operating a restaurant in this situation falls almost entirely to the restaurateur; an individual or team of experienced restaurant owners that have the resources and experience and know what it takes to maintain a foodservice business. They are generally responsible for the equipment, insurance liability, staffing and products.

Breweries that have partnered with a restaurant will be able to offer their customers the option to order food alongside their newest craft beers. Their focus can remain on their craft beer skills and not be bogged down with the day-to-day operations of running a restaurant. It's also not altogether uncommon for the breweries that are providing restaurant space to enter into a rental agreement or see a small percentage of the monthly food sales.

Lastly, similar to working with a food truck, partnering with a restaurant should be leveraged often for special events.

**"This is a perfect opportunity for both businesses to increase their brand awareness by working together to develop interesting and engaging events, while also highlighting their own, unique skills. "**

#### **CREATING AN IN-HOUSE KITCHEN:**

Although there are more risks involved, both from a financial and liability perspective, the number of breweries that are fully committing themselves and going all in on the development and management of their own restaurant – hiring established chefs, staff able to manage

a full-time foodservice and seating that accommodates for larger groups of people – appears to be on the rise.

And while the start-up costs associated with adding a full-time restaurant into an established brewery may be more than some businesses can handle, the upside is that the additional revenue that the add-on restaurant brings in becomes a part of their new business model. Unlike food trucks, or restaurants that simply rent out space, this added income can make a bigger impact when invested back into the business. There is also a higher level of control over the menu, how often new items are added or removed and greater freedom and flexibility when considering beer and food pairings and other engaging events.

The effort of designing a new restaurant cannot be overstated and plays a major role of the larger initiative.



***Having the space to add a restaurant is important. Designing that space effectively is a requirement that should be treated with equal amounts of consideration and planning.***

Partnering with a company that has the patience to listen to your ideas and plans for the future, and then works with you to realize your design is important. From the logistics of ensuring the kitchen space and equipment flows to best accommodate for the high level of traffic, to the intricate details of the bar and seating area – ensuring your brand, aesthetic and overall atmosphere comes to life – a well thought out and implemented design is key to realizing a future return on that investment (ROI).

***“Customers that have been provided a memorable experience will help to solidify your standing among your competition and often turn first time customers into regulars.”***



However, running a restaurant is not an insignificant investment. Not only from an equipment, staffing and product perspective, but also from the costs associated with insurance and the various liabilities that come with owning and operating a restaurant. Insurance policies are designed to provide coverage for the equipment, as well as any potential liability claims made from customers. The monthly, quarterly and yearly premiums associated with a robust insurance policy should not be dismissed and should be factored into the overall budget.

Quality also becomes more important than ever for the brewery. Where they were previously focused exclusively on the quality of their craft beer – ensuring that taste and freshness were consistently top of mind – now the focus shifts to also include the quality of the food that is offered. A bad experience with either the beer or food will likely result in a lost customer. However, the fear of losing additional customers based on word of mouth and the swift role social media plays in these situations can be devastating. Thankfully, the opposite is just as true. Customers that have been provided a memorable experience will help to solidify your standing among your competition and often turn first time customers into regulars.

## EVOLVING THE RECIPE

There will always be a “corner bar”. A place where everybody knows your name and offers convenience over everything else. But, with the growing popularity of craft breweries, customers are looking for more than just convenience. They are looking for an experience. One that includes a great beer selection, high quality food and a variety of events to keep them engaged.

Whether you're a brewery that's new to the industry, or a name that has solidified their space in the market, there are options available when debating about adding food to your offering. Some may be easier to

manage and significantly lighter on the budget, while others demand a greater investment of both time and money. Running a full-time restaurant and operating a brewery both require unique, but different, skill sets. Some breweries are ready to take on that added responsibility, while others will be more comfortable partnering with those professionals that understand and can manage the risks involved. The choices are there and it's up to you to make the decision that makes the most sense for your business, drives traffic and meets the needs of your customers.



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