

DINING: PROFITS STAY IN-HOUSE; BEER COULD SELL IN LIQUOR STORES

Some Eateries Testing Waters Of Craft Brewing

By [Mariel Concepcion](#)

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Figure 1 Cohn Restaurant Group's latest endeavor, Draft Republic Brewing Co., will be a 25,000 square-foot indoor-outdoor restaurant with a 17-barrel brewing system.

Photo courtesy of Cohn Restaurant Group

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"The companies that are delving into this are doing it because they have enough of a financial outlet to make it worth their while," said DiMarino, adding that Cohn's goal is to produce enough beer to supply all of its restaurants. "The main concern for restaurants has been seeing breweries open where they sell the beer for \$4-\$5 a pint to the consumer and the restaurant across the street is serving the same beer for two times the price. It makes it more difficult for restaurants to compete ... That is the reason so many restaurants are going in this direction of brewing their own: It cuts cost and allows you to also compete in the desirable beer market at that level."

DiMarino added Cohn will still need to sell its beer to a distributor, which will increase the cost of the beer. So, while the group will save some money overall, Cohn is looking to create a new experience for its patrons that includes a family feel/beer garden.

Billion Dollar Beer Impact

Additionally, the revenue-boost an already-established restaurant can potentially get from selling its own beer to its clientele and new customers alike can be significant. According to a report released early October by the San Diego Brewers Guild and the California State University San Marcos Office of Business Research & Analysis, San Diego County craft brewers produced an economic impact of about \$1.1 billion in output and generated about \$802 million in revenue for 2017.

“A restaurant that brews its own beer might elevate its offerings and credibility in the beer arena,” says San Diego State University Marketing professor Miro Copic. “For a company like Hodad’s, their own beer can be more distinctive of their brand and can align more with their signature burgers. Overall, it enhances a company’s image and can extend the experience of any establishment.”

Cohn’s latest endeavor, Draft Republic Brewing Co., will be a 25,000 square-foot indoor-outdoor restaurant, brewery and event space on a two-acre parcel in La Mesa. The location will include a 17-barrel brewing system that will produce a lager and a blonde ale for sure, says DiMarino, and is scheduled to open fall 2019.

“Our company was doing this back like 20 years ago with Hang Ten Brewing, so, this isn’t new to us,” said DiMarino, adding that although the company wasn’t exactly looking to step foot into the craft beer sector again, when the opportunity to buy a location that already had the brewing equipment came up, Cohn jumped on it. “We weren’t actively seeking or thinking about brewing our own beer again, but, this was timely and allowed us to create a different experience for our guests as a result. The location has plenty of space for not just the brewery, but also miniature golf, an outdoor shuffle board and other fun offerings. We are just taking advantage of the space and giving the neighborhood something that it might’ve not quite had yet.”

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Friendly Competition, For Now

Shane Hardin, co-owner of Hodad's, established in 1969, says the idea to begin brewing came back in 2016 for them, when one of the location managers, Marlow Myrmo, shared his own tasty home-brewed creations.

"It came up naturally," he said. "We were like, 'how do we make this available to more people than just us?' And, it scaled from there."

So, Hardin and partner, sister Lexi Hardin, rented an old screen printing warehouse on Aero Drive and converted it into a production-based brewery with a 10-barrel system that will produce four styles with which to kick off.

"We just brewed our first two styles, an IPA and a Kolsch, that should be ready in about two weeks," he said, adding that a hefeweizen and a brown ale are up next and all four will be offered at all locations. In the future, Hardin says he hopes to leverage the relationships he has with local restaurants and bars so that they might also sell the Hodad's beer selections.

For now, it appears most are starting small, with hopes of potentially engaging in some friendly competition with the big boys down the line. The goal isn't to take anyone out of business, says Hardin, although, he anticipates more restaurants and restaurant groups will follow suit in the near future.