



## Canopy Growth Corp. Follows Craft Beer to Growth

### Description

**Canopy Growth Corp.** ([TSX:WEED](#)) is sleeping with the enemy.

Not literally, mind you, but last week's announcement that Canada's largest producer of medical marijuana was putting the product of three competitors on the shelves of Tweed Main Street, Canopy's online and brick-and-mortar dispensary, had cannabis investors both intrigued and alarmed by the move.

Fool.ca contributor Andrew Walker touched on Canopy's CraftGrow Collection in his April 25 [article](#) about WEED stock hitting \$20 by the end of 2017. As part of the collection, the company's 50,000-plus registered users are now able to buy small-batch cannabis from three smaller licensed producers: Hamilton-based AB Laboratories Inc., Waterloo, Ontario's JWC Ltd., and Canada's Island Garden Inc., based in Prince Edward Island where my wife's family live.

The scuttlebutt in cannabis investor chatrooms seems to focus on the corporate concentration aspects of moves like this one. It's perceived to be negative in the sense it reduces competition and positive in that Canopy Growth gains a better, more robust marketplace for its patients—but I see it for something completely different.

Canopy Growth is taking a page out of the craft beer playbook.

Several years ago, my family rented a house in San Diego for Canadian Thanksgiving. One of the little side trips we took was to visit the Stone Brewery in Escondido, California, a forty-minute drive from where we were staying.

I don't know if you're familiar with Stone, but it's the 10th largest craft brewer in America producing more than 10 million gallons of beer annually. Now selling in Canadian liquor stores, its Arrogant Bastard Ale was and still is, a favourite of mine when it comes to U.S. craft beers.

Stone has an indoor/outdoor restaurant at its Escondido brewery called the World Bistro and Gardens whose features include a one-acre beer garden and an open-air patio. It truly is a magnificent place to share a few moments with friends and family.

What I found so surprising about the beer offerings was that it didn't just sell its beers, it offered guest beers from other great craft brewers both locally as well as further afield. By sharing the products of others, it was encouraging visitors to expand their comfort zone when it came to craft beer.

To grow the industry in a healthy way, CEO Bruce Linton knows that Canopy Growth, the cannabis version of Sam Adams, America's largest craft brewer, has to welcome healthy competition, not squash it.

Think about craft beer.

Things got rolling when craft breweries started popping up all across the U.S. and Canada and brewmasters, encouraged by this growing interest in beer, began to take greater risks with their beer profiles and that brought, even more interest in the craft beer industry.

The same principle applies to cannabis.

It's not about holding your friends close and your enemies closer, it's about having the confidence and maturity to know many suppliers can profitably co-exist in this marketplace. Shutting smaller players such as Canada's Island Garden out of Tweed Main Street wouldn't just be shortsighted, it would be a terrible business move.

"Our company recognizes the diverse needs of patients and is proud to bring them the highest quality products that we grow in our own facilities, while introducing them to producers that each bring a unique offering forward," said Bruce Linton, Chairman & CEO, Canopy Growth. "Telling the story of cannabis cultivators, big and small, is essential to a successful market for medical cannabis."

Linton's last sentence says he gets it. He understands cooperation is the key to the cannabis industry growing in a healthy way—the craft beer way.

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