



Which WEED Manufacturer Gets Next Big Cheque?

Description

Christmas came early for **Canopy Growth Corp.** ([TSX:WEED](#)) shareholders.

Anyone who suggests they saw **Constellation Brands, Inc.** ([NYSE:STZ](#)) making a \$245 million investment in Canada's largest medical marijuana producer is either a liar or a soothsayer, and if it's the latter, you ought to quit whatever it is that you do for a living and start buying more stocks.

This one came out of left field.

Think about it

A more logical beverage company for this kind of investment would have been something like **Monster Beverage Corporation** ([NASDAQ:MNST](#)), which already manufacture energy drinks; some experts would suggest energy drinks aren't that far off cannabis-infused beverages.

That being said, I see the move by Canopy as a good one, just like almost everyone else, including Fool contributors [Ryan Goldsman](#) and [Brian Paradza](#), who both gave their blessings October 30 to the investment.

A better alternative

I'm no expert, but I'd assume that the manufacture of cannabis-infused beverages involves a different process than the distilling, brewing or fermentation of alcohol. Yes, a good chemist probably can successfully execute any of these processes without too much trouble, including making the cannabis-infused drinks, but that's where I would think the paths diverge.

The key to any good beverage, whether alcoholic or non-alcoholic, is taste. However, taste often takes a backseat to the alcoholic kick when we're talking about adult beverages. That, I would imagine, is especially true for younger drinkers.

Now, I'm not suggesting that recreational users of marijuana wouldn't feel the same way. However, if they can only intake cannabis through edibles or beverages because they're non-smokers, I'm pretty

sure taste is going to be paramount for any product they choose.

If that's the case, nine times out of 10, I see Monster Beverage delivering better tasting cannabis-infused beverages than Constellation Brands, although we might never find out.

Who else could benefit?

Well, now that the gauntlet has been thrown, almost every other decent-sized medical marijuana producer in Canada is wondering how they too can get a sugar daddy like Constellation Brands.

The one big advantage Constellation Brands has in this scenario is the understanding of liquor laws and distribution systems. It knows how to cut through red tape, and that's going to be huge as more states legalize pot.

The only question I have is whether a company like **Philip Morris International Inc.** ([NYSE:PM](#)) isn't a better option for the other +60 licensed producers. Last November, I [suggested](#) that PM should buy Canopy to diversify away from its tobacco base while gaining access to the U.S. market — a right it lost in 2008 when it was spun off from **Altria Group Inc.**

To me, it seems like a much better fit than Canopy and Constellation Brands, but any tie-up between a Canadian cannabis producer and a multinational is going to have the inevitable critics, much like the craft beer industry, where many of the producers are no longer small businesses.

The move by Constellation Brands takes pot mainstream.

Drum roll, please!

I have no idea which licensed producer will be next, but you can bet that liquor companies everywhere are watching things unfold with interest.

Honestly, if I had to pick one company that I thought would follow Constellation Brands into the fray, it would be Monster Beverage.

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