



ESSENTIAL CANNABIS

INSIGHTS

JULY 2021 VOL 4, ISSUE 5

BIG ALCOHOL DRIVING BEVERAGE GROWTH IN THE CANADIAN CANNABIS MARKET

It's no secret that the giants of the alcohol industry have had their eye on cannabis, especially as adult-use legalization spreads and cannabis consumption becomes more mainstream. The biggest early signal of Big Alcohol's focus on the cannabis industry came in 2017, when beverage giant Constellation Brands announced a \$190 million investment in Canadian Licensed Producer Canopy Growth.

Consumer attitudes signal big opportunity for collaboration between cannabis and alcohol brands. According to BDSA's Consumer Insights data from Spring 2021, 27% of Canadian consumers see cannabis as a healthier alternative to alcohol. 12% of consumers already pair cannabis with liquor or spirits, while 11% report pairing cannabis with beer.

While Canadian cannabis regulations prohibit manufacturers from adding alcohol to THC-infused beverages, top brands in the beverage space are already seeing success through partnerships with alcohol brands. Check out the notable brands spearheading this leap into the cannabis industry:

XMG BY TRUSS BEVERAGE CO.

Powered by parent company Hexo's partnership with legacy brewer Molson Coors, Truss beverages have become a cornerstone of the Canadian cannabis beverage market, making Hexo the number one licensed producer for beverage sales in Q2 2021. One of their most successful product line-ups is the XMG brand of fruit-flavored drinks, which brought in almost C\$3.5 million in sales for Q2 2021 across 11 provinces and territories. Truss also launched a line of CBD beverages for the Colorado market in January 2021.



TWEED

Canopy Growth has already begun to capitalize on their partnership with Constellation Brands, with their subsidiary Tweed driving Canopy to be one of the top licensed producers for beverage sales in Q2 2021. With a product portfolio offering infused sodas and ice teas catering to the growing micro-dose edible consumer, Tweed has brought in almost C\$1 million in beverage sales across 12 provinces and territories for Q2 2021. Canopy Growth has announced plans to launch infused beverages in the California and Illinois markets in 2021.



EVERIE BY HIGH PARK

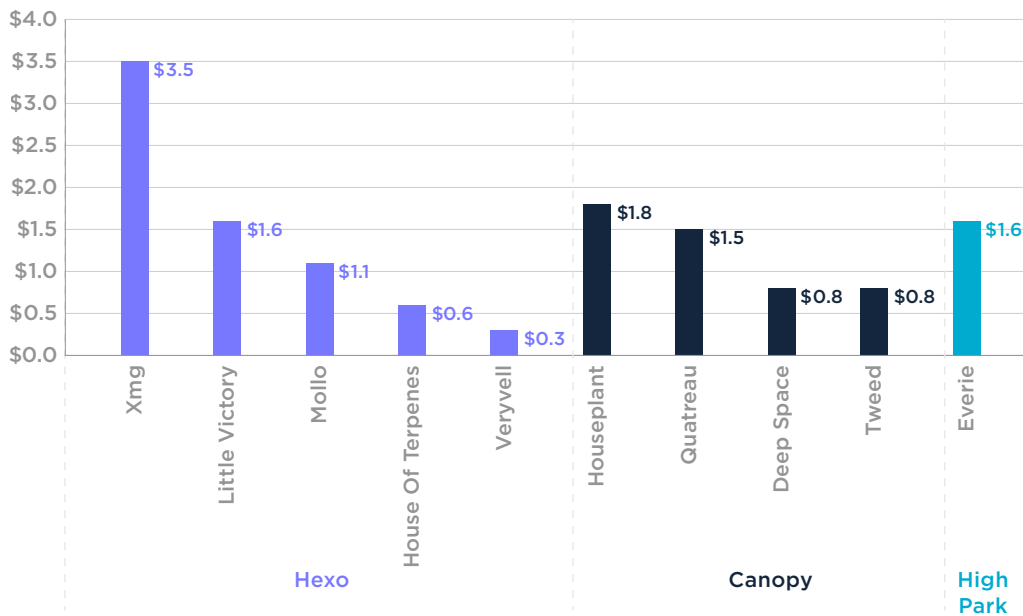
Building on Tilray’s highly publicized partnership with beverage behemoth AB Inbev, subsidiary High Park has established a solid presence in the beverage market through their brands Kitset and Everie. High Park’s Everie has seen particularly strong sales, with their infused teas and sparkling beverages bringing in almost C\$1.6 million in sales across 11 provinces and territories in Q2 2021.

HOUSEPLANT

Launched in the Canadian market in 2019, Houseplant garnered a lot of buzz off their partnership with comedian, actor and cannabis enthusiast Seth Rogan. Houseplant has already built a respectable following for their citrus flavored sparkling beverages, with the brand totaling C\$1.8 million in sales across 12 provinces and territories in Q2 2021. Much of the respectable sales growth Houseplant has seen occurred while the company was a subsidiary of Canopy Growth, through Houseplant has recently announced that they will be parting ways with Canopy. Houseplant has released plans to expand into select California dispensaries in 2021, though the initial launch will not include beverage products.



CAN Beverage Sales by Brand: Q2 2021 (Millions CAD)



Source: BDSA Analysis of HiFyre Data