

## How Toast Aims To Build The Moët Hennessy Of Cannabis: Colorado Edition

By John McCarthy  
June 13, 2018



Today's estimated \$75 billion legalized marijuana market enjoyed the highest of times in 2014, two years after recreational weed became legalized in Colorado. Dispensaries opened their doors to the delight of millions of Americans who could finally partake legally in the United States. Growers, retailers and the state government were basically printing money as premium pot flew off the shelf for upwards of \$3,000 per pound—wholesale. As the fledgling industry matured, supply inevitably began outpacing demand, contributing to the commoditization of cannabis that sent prices plummeting over 60%. This drastic correction in the market forced many once profitable businesses to go up in smoke.

Which companies will ultimately survive Colorado's mercurial marijuana industry remains to be seen. But the four cofounders of [Toast](#) Holdings Inc. say they built their company with this exact scenario in mind. By leveraging their collective brand-building experience, thinking outside the box, and implementing a cannabis portfolio that mirrors a luxury alcohol model, like Moët-Hennessy, Toast is steadily building a marijuana empire, one state at a time.

Much like consumers' current demand for transparency in food, Colorado residents have come to expect the same in their cannabis. While it might seem natural for every brand to jump on the "weed" (i.e., flower or bud) bandwagon, surprisingly few companies focus on pot in its natural form. These days, producers can literally extract more "bang for the buck" with high-potency concentrates such as oils, edibles and wax.

Despite being all the rage right now, the truth is that marijuana extracts are engineered in a lab and combined with chemical ingredients that have barely been studied for long-term human interaction. In all fairness, while marijuana flower has existing guidelines to regulate pesticides and fertilizers, insiders confess the rules are difficult to fully enforce, and unethical growers have been known to take advantage. For this reason, Toast CEO Punit Seth, formerly of Bridgewater Associates, the world's largest hedge fund, believes that cannabis will follow the transparency trends in the food and liquor industries, but at a much faster rate.

"As consumers become more educated, we expect them to demand responsibly-sourced products and have an increased interest in natural cannabis flower, especially when dosed appropriately. When we launched Toast, we agreed we would never take shortcuts that compromise product quality for quick profits and self-regulate at standards defined by the food and beverage industry."

What Seth means by "dosed" is a significant part of Toast's strategy. In a recreational environment obsessed with potency, another potential customer, the social consumer, is being ignored. Toast's vision is to equate a 'Slice' (what they call their pre-roll) with a light beer or a cocktail, ensuring predictable measurements of potency designed for people to enjoy and hang out with friends, not fall asleep on the couch.

"We wanted to put the consumer in control of their experience at all times," says Toast cofounder Chris Burggraeve, former CMO of Anheuser Busch and InBev. "We created a simple-to-grasp equivalency between the strength of one 'Slice of Toast' and the strength of a drink. We removed the anxiety of extreme potency and introduced responsible enjoyment."

"Being aware of the negative connotations around cannabis, we intended to present Toast in a different light," added Toast



partner David Moritz, founder of Viceroy Creative, a packaging design firm whose clients include Cîroc and Patrón. “Today’s consumers come from all walks of life. Our product promotes social recreation including dining, nightlife, and beverages.”

Developing the brand’s philosophy came naturally to the team, but making it happen proved harder than they thought. Farmers weren’t interested in creating a product they didn’t know how to grow, especially back when the market was still raging. After meeting with virtually every supplier in the state, the partners were introduced to Tiffany Goldman at The Health Center in 2015, and within 15 minutes, Seth knew he found his growing partner.

The Toast team soon learned that naturally reducing THC was going to be a challenge. Nearly two years of research and development resulted in test after failed test. Dry leaf, harsh taste and inconsistent burn plagued the experiments as they worked with endless combinations of strains. They stumbled onto the solution when they began experimenting with different combinations of CBD, or cannabidiols, and soon their formula was perfected. Almost accidentally, Colorado’s first recreational low THC (the stuff that gets you stoned) and high CBD (the properties being studied for medicinal use) product was born.

“We turned to CBD, which four years ago was barely known by consumers,” explains Seth. “We discovered that the interaction of multiple cannabinoids creates a sum greater than its parts, called ‘the entourage effect.’”

Seth seems to be on to something. Scientists are only beginning to understand the plant’s effects by working with different percentages of its myriad of properties. CBD has gained international attention from the World Health Organization (WHO), urging for more medical research to study its medicinal benefits. Additionally, Seth is convinced there is an excellent recreational value of combining THC and CBD to invoke unique mind-body effects. Toast Original is a 2:1 ratio CBD to THC combination. Toast’s second product, Toast Gold, doubles down on CBD with a 4:1 ratio.



Beautifully rolled with slick packaging, the next step was the marketplace. All Seth and his partners had to do was convince dispensaries to carry the unconventional product and to persuade consumers to request it. Once again Toast turned to luxury brands for inspiration.

“We launched Toast in Aspen where we knew we had a concentrated, affluent audience,” says Moritz. “After getting



approvals from the city, we partnered with [Loopr](#) and created a city-sanctioned mobile-cannabis-lounge. Invited guests were able to try Toast in the social environment which we intended, and the feedback we received was

invaluable.” The guerrilla-style activation worked, and within days Toast managed to create a 95% awareness rate in Aspen. Encouraged, they took their campaign on the road. The next stop was Vail, and one city at a time the brand slowly built awareness around the state, attracting like-minded dispensary partners, like Denver’s [Simply Pure](#), who is committed to supporting well-being by focusing on ‘mindful’ products. The plan was coming together.



After successful launches in Colorado and California, Toast is poised to expand, and to get there the partners stayed true to a simple philosophy: Don’t touch the plant. By working with [The Health Center](#) to handle production and distribution, Toast focused on developing a proprietary, replicable formula that allows the company to more nimbly launch in multiple states, while simultaneously staying compliant with regulations. This is something even deep-pocketed, vertically-integrated companies who grow their own find cost prohibitive since federal laws prohibit inter-state trafficking, forcing them to build an expensive facility in each state.

“We look forward to continued momentum with every new state and international market that legalizes recreational cannabis,” says partner Eddie Miller, a serial entrepreneur who also founded the “Amazon of Cannabis,” [greenrush.com](#), and



leads business development for Toast. "We have some exciting and innovative products in the pipeline, but more on that later."

Toast is available throughout Colorado and California with plans to launch in Nevada this summer.