

## Comparing Marijuana Companies: 2 New Kids on the Block

### Description

In this article, I will discuss two up-and-coming Canadian cannabis producers looking to revolutionize the marijuana industry. **Aphria Inc.** (TSX:APH) and **Aurora Cannabis Inc.** (TSXV:ACB) have taken steps to grow their brands and mop up more market share of late.

As most marijuana enthusiasts and investors know, the top spot in the cannabis industry belongs to the incumbent **Canopy Growth Corp.** ([TSX:WEED](#)). With a market capitalization of over \$1.5 billion, Canopy has taken advantage of its branding, early Health Canada approvals for sale and export, and a first-mover position in the market to become the dominant force in the industry of late.

Currently, Canopy leads the pack in terms of the number of square feet of production space among its peers with 650,000 square feet available and another 300,000 square feet planned as additions to its base.

The only two companies with the scope, scale, and differentiation abilities to take on a giant like Canopy are Aphria and Aurora. Each company produces marijuana differently and in different parts of the country, enabling the individual companies to better focus on gaining market share in their respective “home turf,” while making Canopy’s job to remain number one a difficult one.

#### Aphria Inc.

Aphria’s greenhouse facilities in Leamington, O.N., are one of the differentiating factors behind its growth model. While other cannabis producers use greenhouses, Aphria grows 100% of its product using natural sunlight — a selling point for even the most earth-conscious consumer. Aphria’s facility is set to be expanded to 900,000 square feet; that’s enough square footage to officially take on Canopy and challenge for top spot in the Canadian market.

#### Aurora Cannabis Inc.

Aurora has been busy with a massive production expansion of its own, but in a different way than its competitors. Aurora’s selling point to investors has been the prototype for its new Aurora Sky facility, which promises to revolutionize the way marijuana is grown.

The production plan Aurora has put forward would result in a slightly smaller facility (approximately 800,000 square feet), boasting production efficiencies of nearly double those of Aphria or Canopy. Such cost-reduction and margin-producing initiatives have positioned Aurora as the potential king of profitability in an industry that is soon to be bombarded with supply.

#### The bottom line

I am a believer in the power of a differentiation advantage as well as a cost advantage. My take on this industry is this: while it may still be considered “niche” as a whole and not yet fully matured or conventional, when the time comes for these three major players to carve out their territories and begin

marketing to the masses, the race is on.

I don't have a horse I would bet on yet, but I would venture a guess that these two competitors will make Canopy's life difficult, at least in the early stages of legalization. And who knows? More acquisitions could be on the way. In either scenario, things are about to get interesting really fast.

Stay Foolish, my friends.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. TSX:ACB (Aurora Cannabis)
2. TSX:WEED (Canopy Growth)

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