

# Could Aphria Inc (TSX:APH) Climb Higher With its New Recreational Weed Products?

## Description

The era of legal recreational weed is upon us. And Canada's largest cannabis companies are scrambling to get a piece of the action.

The latest news?

**Aphria** (TSX:APH) has announced a slew of new product offerings for recreational customers. The news, which was announced September 28, comes after a period of significant growth for Aphria, which included [strong revenue growth](#) and [multiple supply contracts](#). Speaking about the announcement, Aphria's VP of marketing Megan McCrae said, "We undertook extensive research to understand each segment of the market and build a broad portfolio of brands that would speak to each of those varied and diverse groups."

In other words, Aphria is committed to increasing its sales by catering to multiple groups of customers. The question is, will this impact revenue enough to send Aphria's already expensive stock higher? To answer that question, we need to look at the products themselves.

## What Aphria's got in stock

Aphria's new product offerings seem to be aimed at market segments based on "experience levels." The Solei Sungrown brand is aimed at "novice users." The Goodfields brand is aimed at "novice users" with a specific desire for high-quality cannabis. The RIFF brand consists of high-potency products for experienced users. The Good Supply brand is aimed at the lower-priced segment of the market.

What these product offerings show is that Aphria is targeting multiple segments of the cannabis market: novice users, experienced users, premium buyers, and budget buyers. This is a smart revenue strategy, since it helps generate sales from mutually exclusive groups of customers.

## Potential revenue

The big question is, how much revenue can Aphria earn from its new product lines? And the answer is, potentially quite a bit. The new recreational pot market has been valued at anywhere from \$2 billion to \$22 billion a year. That's a lot of money that's currently going to black market vendors. After legalization, a lot of these sales will be captured by legitimate companies. Assuming the higher estimates are accurate, that could mean \$2 billion a year in new revenue for Aphria if it captures just a 10% market share.

## Bottom line

The recreational cannabis market is set to take off in a big way. And while cannabis companies talk a lot about production capacity, it will ultimately be companies that court customers successfully that will make the most sales. Aphria is showing with its new offerings that it is segmenting its target market in

an intelligent way, with products at different price points for different customers. Assuming they can produce enough cannabis to serve these segments, they may capture a large share of Canada's recreational cannabis market in the end. And if that happens, we can expect Aphria's stock to reach higher than ever before.

## CATEGORY

1. Investing

## POST TAG

1. Editor's Choice

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Investing

## Tags

1. Editor's Choice

## Date

2025/09/19

## Date Created

2018/10/03

## Author

andrewbutton

default watermark

default watermark