



Aurora Cannabis Inc. (TSX:ACB) vs. Canopy Growth Corp. (TSX:WEED): Who Will Reign As the Cannabis King 10 Years From Now?

Description

[Forget about Tilray](#) for a moment. **Aurora Cannabis** ([TSX:ACB](#)) and **Canopy Growth** ([TSX:WEED](#)) (NYSE:CGC) are the real rivals that are [duking it out to become the king](#) of Canada's cannabis scene.

While Tilray may be the largest Canadian pot company by market cap, I've noted in the past that it's likely a bubble within a bubble and that the company itself probably isn't worth nearly as much as a Canopy or Aurora, two players that look best-equipped to become dominant players within the marijuana industry in a decade and beyond.

CEO Bruce Linton has taken shots at Aurora on multiple occasions in the past. Despite his bias, he makes some pretty strong points, including the "paying a dollar to get a dime" comment following Aurora's shareholder-dilutive acquisition spree, conducted nearly a year ago.

More recently, Linton decided to rub salt in Aurora's wounds by talking down on the "talks" going on between Aurora and **Coca-Cola**, claiming that such deals tend to "fall apart" when they become "public discussion."

So, why is Linton so hostile towards Aurora and not Tilray? Linton doesn't even want to "be lumped" with Tilray, and the stock's magnitude of volatility that can only be described as manic. The real competition is between Aurora and Canopy, two pot companies with very different strategies. Ultimately, only one of which will come out on top when all is said and done.

Let's have a closer look at each strategy to see which company is better-equipped to become the cannabis king:

Aurora: medicinal marijuana dominance, and aggressive growth

Following the CanniMed Therapeutics, Hempco Food & Fiber, and MedReleaf acquisitions, Aurora is a medicinal marijuana powerhouse with unmatched medicinal cannabis assets and talents.

Moreover, when you consider the massive economies of scale that can be achieved through the

massive greenhouses in Aurora Sky and Aurora Sun, the company looks like a winner, not just in the medicinal space, but the commoditized environment as well.

Aurora's impressive portfolio of assets are enough to propel the company to the top of the pack, but given management's questionable actions (shareholder dilution, chasing and overpaying for deals), investors have slapped the company with a discount to the broader basket of pot stocks.

I'm not a fan of management's excessive aggression, as the company could become one of the most vulnerable should the broader industry collapse tomorrow.

On the flip side, Aurora could realistically leapfrog Canopy should regulators make grant the environment more favourable for medicinal marijuana specialists.

Canopy: recreational marijuana dominance, branding prowess, prudent and calculated growth

Canopy is an undisputed king of recreational cannabis with its impeccable brands that are already household names among chronic cannabis users. You've probably noticed the Tweed advertisements with the subtle "Hi." slogan. Despite the inability to sell "over the top" packaging. Canopy is still keen on differentiating itself from the pack through advertisements, uniquely coloured packaging, and swag.

No Snoop Dogg commercials? No problem. Canopy's branding expertise is in a league of its own, and should regulators allow "anything goes" packaging, Canopy will have the deepest pockets when it comes to ads, allowing Canopy a competitive edge over any other recreational marijuana player.

Further, Canopy has exhibited a prudent, but calculated approach to growth, and with a spin-off of **Canopy Rivers**, the serial M&A part of the business, shareholders probably aren't going to suffer from dilution as the weed giant continues consolidating the industry.

Who'll be the king 10 years from now?

Both Canopy and Aurora are frontrunners, but if I had to place a long-term bet, I'd go with Canopy because I believe Canadian regulators will gradually ease, allowing the marijuana market to become monopolistically competitive with a few differentiated firms calling the shots.

I think Canopy's branding prowess is unmatched, which will give them a significant boost in both the recreational and medicinal scene.

Foolish takeaway

Although Canopy looks like a cannabis price that'll one day reign as king, I wouldn't touch marijuana stocks at these frothy levels. Legalization day is in a week, and judgement day will be coming shortly after. Tremendous volatility and [several crashes](#) will happen between now and the time Canopy will be the undisputed king of cannabis.

So be patient, and maybe you'll get a better entry point in Canopy than **Constellation Brands**!

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