



Part 1: Will Canopy Growth Corp (TSX:WEED) Still Be Canada's Largest Cannabis Company 5 Years From Now?

Description

For a brief couple of weeks, Nanaimo, British Columbia's [Tilray Inc](#) surpassed **Canopy Growth Corp** ([TSX:WEED](#))(NYSE:CGC) as Canada's largest licensed marijuana producer by market capitalization.

Since then, shares in Tilray have retreated somewhat and as of this writing at least, Canopy Growth has reasserted itself as Canada's largest cannabis cultivator.

But given that Tilray only came to market with its initial public offering (IPO) a little more than two months ago, this author would hazard a guess that many cannabis investors probably hadn't seen this one coming.

Which begs the question: how sure can you really be sure that Canopy Growth, which has maintained its status as Canada's leading marijuana stock for most of the past few years since the initial "green rush" began back in 2014, will be able to continue that dominance going forward?

The first mover advantage is an advantage, but it certainly isn't a guarantee of any future success

It's often said that "it's the rich who get richer," a theory that history has proven true more often than not.

And if that isn't as good a reason as any to start contributing to your TFSA today, then I just don't know what is.

For those who weren't following cannabis stocks back then, when Canopy came to market with its IPO in April of 2014, it was literally years ahead of most of the competition.

That first mover advantage in turn gave the company a decided leg up in attracting more capital from the investors who showed up a bit later to the party also in search of their own piece of the newly minted market for recreational pot in Canada.

The reason? There's safety in numbers.

It's almost a self-fulfilling prophecy that when a larger company like Canopy is successful in attractive capital from investors, it's then in a much better position to pursue takeouts of smaller rivals — not to mention invest more in future production and spend more aggressively on research and development, which is exactly what the company has done, including the development of more grow space than any other licensed Canadian producer.

“Hey, not so fast there...”

Canopy has without question dominated the pot market over the past couple of years, quickly becoming a fan favourite of the literally thousands of Canadian retail investors who have taken kindly to the company's aggressive strategy to grow the business and secure market share.

But what happens when the really big money starts getting involved?

In recent months, reports have begun circulating that several “mega-cap” packaged goods companies, including **The Coca-Cola Co, PepsiCo, Inc,** [as well as several unnamed snack companies](#) are critically eyeing the cannabis market in search of profitable acquisition opportunities.

But with a market capitalization of more than \$14 billion, Canopy has probably priced itself out of that market by now.

And even with Constellation by its side, does Canopy really hold any distinct, long-term advantages when it comes to competing next to the likes of companies with much deeper pockets like the aforementioned Coke or even **General Mills**?

Investors ought to be reminded of the phrase *caveat emptor*, meaning *buyer beware*.

CATEGORY

1. Investing

TICKERS GLOBAL

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2. TSX:WEED (Canopy Growth)

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