5 Things Green Organic Dutchman (TSX:TGOD) Is Doing to Be the Market Leader in Organic Cannabis

Description

Green Organic Dutchman Holdings Ltd (TSX:TGOD) has a unique vision within the market for Canadian cannabis stocks – and that vision is a clear one.

TGOD seeks to become the undisputed market leader for premium organic cannabis products.

Unlike so many other licensed cannabis producers who seem intent on winning the "race to the bottom" as the industry's lowest cost producer, Green Organic Dutchman's approach is different.

Rather than being "all about the money" the company feels strongly that by delivering a distinctly superior product, not only will it be able to carve out a niche for itself within what already becoming a crowded marketplace among suppliers and consumers, but it should in theory be able to charge a premium for its product, in turn driving higher margins for its shareholders.

In its most recent investor presentation, TGOD suggest that it expects to achieve a run-rate of production capacity upwards of 200,000 kg annually by Q4 of 2020.

While securing distribution and filling product orders remains a different question altogether, the company already has supply agreements in place with the Ontario Cannabis Retail Corp (OCS) and Velvet Management, one of the country's largest wine distributors.

Green Organic is hoping that it can capitalize off the recent popularity of health conscious ventures like Whole Foods, which was recently acquired by **Amazon.com, Inc.** in August of 2017 for more than $13 billion.

But this isn't just "pie in the sky" type of thinking, either.

Research put forward by the company in its investor presentation suggests that an organic cannabis option would be preferred by 61% of surveyed medical patients and 50% of recreational users. Meanwhile additional research that suggests some of the chemicals and pesticides used in cannabis concentrates run the risk of producing adverse health effects for the drug's users.

From a financial point of view, there could be certain benefits to the company's planned business model.

By employing the use of what it calls "hybrid" facilities, the company hopes that it can keep a lid on operating costs while also lowering the requirement for capital investments compared to conventional indoor grow facilities thanks to advanced technologies designed to take advantage of natural lighting and enhanced humidity, environmental and temperature controls.

Looking ahead to the future, Organic Dutchman has already entered into a strategic joint venture dedicated toward the Latin American market, estimated at US$9.8 billion annually and has also created a partnership with multi-billion dollar food processor Symrise that will see two create a U.S.-based beverage innovation company.

Foolish bottom line

Currently trading at a market capitalization of $875 million, the Green Dutchman is valued at considerably less than larger rivals like **Canopy Growth Corp, Aurora Cannabis Inc** and even **Hexo Corp.**

Yet prospective investors in the company's stock shouldn't exactly be expecting those fortunes to be changing anytime soon.

Make no mistake, this is an interesting play for cannabis investors seeking something a little different and off the beaten path, but until proven otherwise, the market for organic cannabis products – and TGOD stock – shouldn't be treated any differently than a niche segment within the broader cannabis markets.

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