



## This Weed Upstart Could Dethrone Canopy Growth (TSX:WEED)

### Description

**Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) is still the undisputed king in the marijuana world. **Cronos Group** ([TSX:CRON](#))([NASDAQ:CRON](#)), whose size is less than half, remains [a key player](#) that stands a chance of dethroning the ruler.

CRON is a popular stock in the U.S., as it is the first Canadian cannabis company to up-list from the over-the-counter market to the global market. You can say that Cronos is the upstart responsible for creating awareness in American investors about the growth potentials of the weed sector.

### Name recall

Management knew at the onset that in order to catch the attention of institutional investors, Cronos Group needed to be on centre stage. A pioneer has the advantage of name recall. The market cap moved significantly higher after the upgrade, which served as the short-term driver.

Money flowed into Cronos Group when the first wave of investors bought shares. That was basically an informal anointment of CRON as a must-own cannabis stock. When Canopy Growth decided to take the same route, investor enthusiasm in the cannabis space was bolstered.

Canopy Growth carries brand recognition, and ever since its NYSE debut, other players, including Cronos Group, became [second-tier weed stocks](#).

### Competing with the king

Cronos Group wanted to be the first on the green rush because the company doesn't intend to be last. At the close of the second quarter, CRON is slightly outperforming WEED. The stock is up 46.1% year to date, while King Canopy is up 44.4%. Performance-wise, Cronos is at par with the industry leader.

The company needs to play it smarter and not just ramp grow capacity. Cronos has the advantage as the company is not a traditional weed grower. The company is more of a principal investor in assets

focused on cannabis — medical and recreational.

## Becoming a king

Cronos Group has the might to unseat Canopy Growth. The company has built a strong global network through partnerships, joint ventures, production, and distribution in five continents.

Peace Naturals is the production, research, and development hub. The indoor production facilities and greenhouse are where research in plant genetics, grow methodologies, extraction, and product formulation is performed. Original BC in Okanagan Valley is focused on small-batch and craft cannabis.

The joint ventures (JVs) are with an investor group led by greenhouse operator Mucci Farms in North America, Kibbutz Gan Shmuel in Israel, and New Southern Capital in Australia. Not to mention the JVs with Agroidea to create NatuEra in Latin America and MedMen to have an exclusive licence to the MedMen brand in Canada.

There are a couple of exclusive five-year supply agreements with international pharmaceutical firms. Pohl-Boskamp will distribute Peace Naturals products to medical patients in Germany, while Delfarma will handle the distribution to medical patients in Poland.

Canadian Distribution takes care of the domestic distribution of Peace Naturals. But the landmark partnership is with Ginkgo Bioworks. Biosynthesis will be used to produce cultured cannabinoids. The goal is to reduce the costs of producing cannabinoids on a commercial scale.

Cronos Group can be the marijuana king if Canopy Growth doesn't watch out.

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1. Cannabis Stocks
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2. NASDAQ:CRON (Cronos Group)
3. TSX:CRON (Cronos Group)
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