



## Forget Cannabis Stocks: This Industry Could Be a Much Better Option

### Description

Cannabis stocks have recently come under scrutiny as concerns about lack of profitability and overall governance have led to some pretty significant sell-offs. While there's no question that there's a lot of growth left for the new industry, the level of risk involved might not make it a suitable investment for many investors.

With many regulations and obstacles surrounding advertising in the industry, it's difficult for any one company to rise above the rest.

And so if you're a growth investor, you might want to consider looking at a different industry instead.

Last year, the U.S. [opened its doors](#) to sports betting, allowing individual states to determine whether or not to will allow it. It's a significant move that will definitely bring in some big dollars to the gambling industry, and one stock that could be at the forefront of that growth is **Stars Group Inc** (TSX:TSGI)(NASDAQ:TSG). The company behind the popular Poker Stars brand is well positioned to take advantage of what's likely to become a booming industry.

We've already seen many states make movements on legalizing sports betting, including New Jersey and Pennsylvania. However, legalization of sports betting across the states is still behind the progress that cannabis has made thus far, which means there are still many more potential customers that will be available to use betting services in the years to come. That's why a company like Stars Group is likely to see tremendous sales growth over the years.

The company has been looking to grow its sports betting segment and become less reliant on poker-related revenues, and now it has a terrific opportunity to do just that.

## Why gambling makes more sense than cannabis

What makes the gambling industry a more attractive option for me is that with many services now being web-based, a company like Stars Group doesn't have to be launching casinos and investing heavily into large, physical assets in order to grow.

Instead, it can develop the platforms and infrastructure needed online, which will be much cheaper and easier to maintain. There's no risk surrounding inventory and whether products are of a certain quality the way they are in the cannabis industry.

Instead, Stars Group just has to provide a good service online that users can access from on their phones or computers. The simplicity of the model has allowed the company to average an operating margin of over 15% over the past 12 months. And although Stars Group may have run into some tough quarters lately, it has a great opportunity to turn things around as its sales continue to climb.

## Why Stars Group is a great buy today

With Fox recently [investing](#) into Stars Group, the gambling stock is in a terrific position to achieve success by being able to work together with the company. And yet, Stars Group stock has lost more than half of its value over the past year and is trading right around book value at writing. It's an incredible deal that could produce significant returns for investors over the long term.

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