



Will Aurora Cannabis's (TSX:ACB) Vape Products Send the Stock Higher?

Description

Last month, "Cannabis 2.0" [was all the rage](#), as investors anticipated the legalization of new cannabis products like edibles and beverages.

Although cannabis was legalized federally last year, many categories of products weren't approved for sale until October 17 — exactly one year from the date cannabis was legalized.

Cannabis producers are reacting to the new approvals in various ways. Some are focusing on edibles, some on beverages, and others on vapes. It looks like the latter category of products will be a major part of **Aurora Cannabis's** ([TSX:ACB](#))(NYSE:ACB) strategy, as it recently put out a press release stating that it was investing big in the product category. Although cannabis producers are already selling vapes — like Storz & Bickel's popular Volcano device — Aurora's new vapes are a big leap forward into the growing "single-use cartridge" trend.

What Aurora's vapes will look like

In a recent video, Aurora Cannabis showed off its new line of vapes.

According to the video, there are a few different formats. There is a 0.15 ml disposable pen; a pen-shaped device that takes disposable 0.5 ml pods (similar in concept to Juul); and a 0.3 ml universal cartridge. In general, it appears that Aurora is looking to capitalize on the disposable vape/cartridge trend that is becoming increasingly popular — and a marked departure from the approach of **Canopy-**owned [Storz & Bickel](#).

Why vapes are promising

Cannabis vapes are highly promising because they represent a venture into a less commodified product space.

As we saw with Juul, vape manufacturers can carve out high brand recognition and a market-leading

position with the right strategy. The same isn't true of raw cannabis flower, which behaves as a commodity with little brand differentiation among competing firms.

Right now, there's a big push for higher-margin products in the cannabis space, with beverages and edibles being among the most promising categories. Marketed the right way, vapes could be as well.

Why they could also be a disaster

As promising as cannabis vapes are, they could be troubling as well.

We're currently in the midst of a major backlash against vaping, and cannabis vapes are among the main targets. According to Fool.com contributor Sean Williams, as of September, there have been 800 reported cases of vaping-related illnesses reported in the United States. Of these, 77% were linked to THC-containing vape products.

Vaping as a category is under intense scrutiny owing to the perception that vapes are marketed to children. This has led to, among other things, a call for a ban on flavoured vape liquids. That most of the health incidents associated with vaping have come from cannabis liquids does not bode well for cannabis vapes.

Foolish takeaway

Despite their phenomenal revenue growth, cannabis producers are facing increasing pressure to open the floodgates of profit. With most such companies running losses, higher-margin products like edibles and vapes represent an opportunity to do just that. However, they come with certain risks as well. Aurora's foray into vapes looks like a step in the right direction for now, but it may come back to haunt the company in the future, as anti-vaping regulation takes hold.

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Date

2025/08/21

Date Created

2019/11/05

Author

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