



Growth in Cannabis Stocks? It's All About the Branding

Description

Two major cannabis companies are aiming to shake up the sector with a couple of strategic new branding maneuvers. However, the two companies have been on rather different trajectories of late, so legal marijuana investors could have [an interesting time ahead](#).

Today we'll take a look at **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) and its latest celebrity endorsement, as well as **HEXO** ([TSX:HEXO](#))(NYSE:HEXO) and a fundamental change in its business model, plus a big deal with key inter-industry partner.

A stock to make a song and dance about

The news broke this week that Canopy will be buddying up with no lesser a luminary than Toronto's very own Drake. The More Life Growth Co. will be owned 60/40 with Drake owning the majority stake. While the news may be exciting for fans, it should be noted that Drake isn't the first to take a puff on Canopy's growth: Seth Rogen, Martha Stewart, and Snoop Dogg have all famously partnered up.

The Drake edit will see Canopy running the company, while the famous performer will lend cultural clout. As the CEO of Canopy, Mark Zekulin, puts it: "Drake's perspective as a culture leader and entrepreneur combined with Canopy Growth's breadth of cannabis knowledge will allow our new company to bring an unmatched cannabis experience to global markets."

A contrarian play for the brand-conscious

HEXO is also aiming high with a multi-faceted branding exercise that will see its partnership with **Molson Coors** come to fruition, as well as the [recent launch of Original Stash](#). The latter brand is aimed at tackling the black market with a penetration model designed to ween users off of lower cost weed.

HEXO's assault on the pot-infused drinks market comes after Cannabis 2.0 saw a whole raft of peripheral cannabis asset classes come on the market. The alcohol boss, Molson Coors, will hit the

markets with a double-whammy of products in partnership with HEXO over the winter period.

They'd better get a move on, though, as competition is hotting up: **Anheuser-Busch InBev** and **Tilray** are cozying up this holiday period with its own hybrid cannabis drinks. However, the pairing of HEXO and Molson Coors is not to be sniffed at. The union has resulted in Truss, a joint effort that will seek to tap the vast Canadian cannabis drinks market, valued roughly by Deloitte at \$2 billion by 2024.

Truss CEO Brett Vye summed up the partnership last year: "With the backing of two partners with deep Canadian roots, proven success, and market-leading experience in the respective beverage and cannabis industries in Canada, Truss will hit the ground running." Fast-forward to 2019, and it's time to get those running shoes on. In total, six distinct drink brands should be released by Truss by next month.

The bottom line

From celebrity marijuana to cannabis drinks, the pot stock space could be about to get interesting. The holiday season is likely to be a testing ground for Canadian weed, with some hard, real-world market research getting done.

New investors may want to wait and feel it out for the New Year, therefore, as the overcrowded cannabis space could mean that not everyone will find a treat in their stocking this quarter.

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