



## Why Canopy Growth Corp. and Loblaw Companies Limited Are a Perfect Match

### Description

**Loblaw Companies Limited** ([TSX:L](#)) reported another terrific quarter thanks to strong growth from Shoppers Drug Mart. Shoppers reported increased pharmacy sales to \$1.73 million, 3.9% in front of same-store sales growth, and a 2.9% increase in drugs dispensed.

There's no question that Shoppers has been a very successful acquisition for Loblaw, and I believe there may be even more opportunities for growth thanks to the legalization of marijuana across Canada.

Justin Trudeau is fighting to legalize pot, and legalization may kick in within the next few years, and when it does there will be a huge market opportunity for the distribution of marijuana.

Shoppers Drug Mart is a front-runner when it comes to the possibility of getting into the medical marijuana scene. There are over 1,300 chains across Canada, and this spells huge opportunity for the drugstore chain. When marijuana becomes legal, we may see Shoppers sell a huge amount of marijuana, and this will provide a boost to the bottom line of its parent company, Loblaw.

Shoppers Drug Mart has expressed no interest in growing its own marijuana, and executives at the company were reported to be talking with weed producers about forming a partnership. This is a terrific opportunity for **Canopy Growth Corp.** (TSX:CGC), a major marijuana grower with a terrific management team that is looking to put a brand on the weed it grows.

Canopy has made partnerships with Snoop Dogg in order to put a face on the name of its products. I believe the management team at Canopy will push just as hard to become a major partner with Shoppers Drug Mart, which will be the biggest means of distribution of the drug once pot is finally legalized.

While many drug retailers are against the sale of medical marijuana, Shoppers Drug Mart is open to it, and as pot becomes legalized, we may see more drugstores jump in as the taboo disappears. But by then Shoppers Drug Mart will be the primary means of distribution of the drug, and it would be a tough hill for other drug retailers to climb.

A partnership between Canopy and Loblaw would be a match made in heaven. The medical marijuana

market is huge, and if these two players jumped in, I have no doubt that they will take this market by storm. The managers at Loblaw and Canopy have an intense focus on branding, and this could be the moat that keeps competitors out in the very long term.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)
2. TSX:WEED (Canopy Growth)

## PARTNER-FEEDS

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1. Investing

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