

Could Alimentation Couche Tard Inc. Be Your 1-Stop Shop for Marijuana and Munchies?

Description

Alimentation Couche Tard Inc. (TSX:ATD.B) is reportedly interested in selling cannabis across its Quebec convenience stores. The management team hired a lobbyist named Marie-Eve Bedard to get Couche Tard a front-row seat in cannabis distribution once everything is up and running.

As of right now, the company has only mentioned the sale of cannabis across its Quebec convenience stores, but I think all stores across Canada may be able to get in on the action over the next few years. We're about a year away from nationwide legalization, but a lot of details regarding distribution are still unknown.

Many believe that cannabis should be sold at liquor stores, while other pundits believe that the drug should be sold at pharmacy chains or even convenience stores in addition to registered dispensaries.

Nobody knows how cannabis will be distributed, but if I had to guess, it's likely that dispensaries and pharmacies will be the go-to places to get cannabis for both recreational as well as medicinal uses. If we look at U.S. states where cannabis is legalized, you'll realize that dispensaries are still the primary way to obtain cannabis.

It's important to note that the government of Canada may decide to allow convenience stores to sell cannabis in the same way cigarettes are sold. I believe allowing convenience stores to get a licence will result in more sin taxes for the government, and the cannabis black market may be eliminated because of how convenient it is to go to your local Mac's and pick up a pack of joints.

As we head closer to legalization day, we'll probably learn more about how cannabis will be sold in Canada and if convenience stores can get licences. Couche Tard may receive a huge boost in same-store sales at its Canadian locations.

It's not just cannabis that will give convenience stores a boost; the snack foods that cannabis users are likely to purchase in conjunction with the drug will also give convenience stores a boost. One of the side-effects of cannabis usage is the "munchies," which is a well-documented phenomenon where users high on cannabis will experience increased hunger levels.

If cannabis ends up being sold at convenience stores, then Couche Tard could be a one-stop shop for cannabis users. Everyone is hyped up over cannabis-producing companies, but nobody appears to be paying attention to potential cannabis distributors.

Couche Tard is a fantastic convenience store operator that will be riding tailwinds over the next few years. I think Couche Tard is a terrific long-term buy regardless of whether or not the company will be able to sell cannabis.

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