



2 Non-Cannabis Stocks That Will Benefit from Marijuana Legalization

Description

The cannabis bubble may be making pot stocks a risky investment, but there are other shares that will benefit from the boom without having to expose you to the dangers of investing in marijuana. Companies that grow marijuana will see sales rise as demand increases, while distributors and retailers that stock the product will also benefit from its success.

Loblaw Companies Ltd ([TSX:L](#)) has indicated that it is willing to have pot in its stores. Recently, Shoppers Drug Mart secured deals with **Aphria Inc** and **MedReleaf Corp**. Although sales will initially be made online, this certainly opens the door for pot to be sold in-store in provinces where private sales are permitted.

Retail stores could help make cannabis more widely available

In its most recent quarter, [Loblaw struggled to generate any sales growth](#), and selling pot could be one avenue that can help the company increase its revenue. With Loblaw stores already seeing significant traffic, it makes it an attractive option for pot companies to partner with a popular store like Shoppers Drug Mart.

By making cannabis available in a large retail store, it will make it easier for consumers to discreetly purchase marijuana without the need to visit a pot shop. Success in Shoppers Drug Mart locations could also result in opportunities at other Loblaw stores and an even wider distribution for cannabis.

Alimentation Couche-Tard Inc (TSX:ATD.B) has also said that it would like to sell cannabis in its stores, although unlike Shoppers Drug Mart, it has not yet secured an agreement with any cannabis company.

Couche-Tard could be the crown jewel for cannabis companies, as its convenience stores would make the product widely available and easily accessible to many consumers.

Other retailers could jump into the mix

Shoppers Drug Mart and Couche-Tard are just two retailers that could benefit from a booming pot

industry. As it gets harder to grow same-store sales, one way to improve the top line is by adding a popular product like pot into the mix.

Big-name retailers will also have a distinct advantage over pot shops because of the opportunity for consumers to make all their purchases in one location, whether marijuana or otherwise.

Benefits without the risks

The biggest advantage of investing in Couche-Tard or Loblaw is that while the stores will benefit from a boom in cannabis sales, neither stock will be adversely affected if marijuana growth falls short of expectations.

Ultimately, both companies still have solid businesses that will continue to grow, and pot sales could accelerate that, but at the same time investors won't be exposed to the same risks that are present in pot stocks.

Should you buy either stock today?

It might be a little early to get in on either stock for the purpose of cashing in on pot sales, but the potential is certainly there. [The recent controversy](#) around Loblaw's involvement in price fixing might make it an unappealing buy. However, Couche-Tard has generated good growth from its acquisitions. When it advances its plan for pot, the stock could take off.

CATEGORY

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