



## MedReleaf Corp. Is Just the Latest Pot Stock to Secure a Deal With Shoppers Drug Mart

### Description

Earlier this month, **Aphria Inc.** (TSX:APH) [secured a deal](#) with Shoppers Drug Mart to supply the **Loblaw Companies Ltd.** (TSX:L) store with medical marijuana. However, it appears Aphria won't be alone in the space and will have competition from **MedReleaf Corp.** (TSX:LEAF), which also signed a deal with Shoppers.

### Does this hurt Aphria's deal?

Although Aphria secured a deal with Shoppers, it was never assumed that it would be the only supplier of pot for the company.

As we get closer to marijuana being legalized, we're seeing more of these deals, as distributors and producers alike don't want to miss the boat on lost sales because of a lack of supply in the market.

The big question investors might now be asking is if more suppliers, particularly **Canopy Growth Corp.** (TSX:WEED), will also get deals secured with Shoppers. It's unlikely that a store would have just one supplier of pot, and that's one reason why a deal like this might not be that significant of a development.

### First-mover advantages could be critical in the industry

It's not just companies that are getting into the mix; provinces are also making arrangements with cannabis companies to secure supply. Canopy reached an agreement with [Newfoundland and Labrador](#) this month, and previously it had struck a deal with New Brunswick.

The advantage of being early in the industry is being able to secure all these deals and get a head-start for when marijuana gets legalized. The closer we get to that date, the more new entrants and pot producers we'll see in the cannabis industry.

At that point, we may see many companies vying for limited spots in stores, both physically and online.

**Alimentation Couche Tard Inc.** (TSX:ATD.B) has expressed interest in selling pot out of its stores,

and that would be an even bigger win for a cannabis producer, as the convenience store owner has many locations and could easily distribute a company's product to a wide range of locations.

### **What is the takeaway for investors?**

MedReleaf securing a deal with Shoppers is great news for the company, but the pot producer is still going to be competing against Aphria. Although sales are initially going to be limited to online, it could be even more intriguing if Shoppers is able to sell pot in stores in provinces where it is legal to do so, of course.

If nothing else, it proves to investors that MedReleaf is a trusted brand outside the industry and should inspire some confidence in the company. However, without an exclusive agreement or a promise of an order, the value of this deal and how much it could boost the company's sales or profits by remains undetermined.

This deal also offers investors a reminder not to get too excited about any agreements that are announced, particularly with stores. The agreements likely won't offer any exclusivity, and unless there is a guaranteed order, then all it gives the pot producer is an opportunity — one it will likely offer to many cannabis suppliers.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

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

### **PARTNER-FEEDS**

1. Msn
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### **Category**

1. Investing

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djagielski

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