

Canadian Regulators Are Sucking All the Fun Out of Legal Cannabis

Description

It shouldn't have been a surprise to pot investors when the government announced its strict branding rules, which will be enforced once cannabis becomes legalized across the nation this summer. Regulators have already expressed their distaste for Snoop Dogg and celebrity-endorsed cannabis products in the past. Add the recent unnecessary worries that many politicians have expressed over the past few years, and Canada is set to have a legalized cannabis market minus all the colourful brands and over-the-top ads that many thought would make every legal pot shop resemble an up-tempo stand at a 4/20 festival.

Put those high hopes to rest, because, as I've stated in the past, regulators would likely want to take every precaution to keep cannabis out of the hands of minors.

If you're looking to buy legalized cannabis this summer, you'll likely walk in with high expectations and walk out with nothing more than a brown paper bag and a generic labelled glass jar filled with your herb of choice. Oh, and instead of cool-looking brand logos or pictures of Snoop Dogg, you'll probably see warning labels that are similar to the ones that are on cigarette packages. How about a scary-looking picture of a black lung and rotting teeth?

It'll likely be a lot more underwhelming than the dispensaries that are currently dispersed across the nation, and the lack of branding will probably make the drug less attractive in the eyes of minors; however, it'll create an environment that'll be hard for one producer to really stand out from the crowd.

Canopy Growth Corp. ([TSX:WEED](#)) is probably the least stoked about these strict regulations, since the company [owns some of the hottest brands](#) aimed at the recreational cannabis market today with Tweed, Leafs by Snoop, and DNA Genetics, just to name a few.

How important was branding to Canopy?

Well, just have a look at their website. Core brands are the first tab on the website, showcasing the vast portfolio of brands that cater to both the medical and recreational markets. The recreational brands definitely have a place in stoner culture and could have become a Marlboro of the cannabis industry; however, with strict regulations in place, Canopy's brand ambitions are going to need to take a seat on the sidelines, at least until regulators gradually ease over the next few years.

That's fine, though. I believe, in time, regulators will become more flexible once the numbers reveal that the implications of legalized cannabis were not as insidious as many politicians were expecting. Like the alcohol market after prohibition, the cannabis industry will eventually mature from the initial "paper bag" phase to a phase where there'll be a wide range of brands to choose for consumers to choose from.

Once this happens, I think Canopy will really take off and separate itself from the crowd, but in the meantime, it'll be a tough fight for the title of Canada's top pot stock. I think Canopy will be [playing leapfrog](#)

with **Aurora Cannabis Inc.** ([TSX:ACB](#)) or **MedReleaf Corp.** (TSX:LEAF) in the race for the largest market cap.

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Date

2025/08/24

Date Created

2018/01/22

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