



Aurora Cannabis Inc. Secures a Deal With Shoppers Drug Mart

Description

Aurora Cannabis Inc. ([TSX:ACB](#)) is the latest pot company to secure a supply deal with Shoppers Drug Mart, which is owned by **Loblaw Companies Ltd** ([TSX:L](#)). This is not the first such deal with Shoppers, as the pharmacy chain has [previously inked deals](#) with **Aphria Inc.** and **MedReleaf Corp.**

The deal is for medical marijuana, and before consumers get too excited, it should be noted this is currently for online sales only, as it is currently not legal to sell marijuana in pharmacies.

What's perhaps most interesting in all of this is the absence of **Canopy Growth Corp.**, which has secured some [big deals](#) with provinces but hasn't yet signed up with Shoppers.

Does this devalue previous deals?

While Aphria was the first big pot stock to secure a deal with Shoppers, now that MedReleaf and Aurora have as well, it certainly lessens the significance of such a deal given that it is not exclusive. This doesn't make the deal insignificant, but it means it is yet another avenue for these companies to compete against one another for sales. What the deal doesn't do is give any one of these pot stocks a big advantage over the others.

Deal still pending on approval from Health Canada

Shoppers is still awaiting approval to sell medical cannabis, and until that is finalized, it's important for investors to note that the deal is still pending. However, it's hard to imagine that a well-established store like Shoppers with a strong reputation in the industry would not be able to obtain approval.

Could this pave the way for sales in Loblaw stores?

With many headwinds facing Loblaw this year, one way the company could give its sales a boost is by allowing pot to be sold in its stores. There is no shortage of hype surrounding marijuana legalization, and it could give the company a way to piggyback on the popularity. However, we've yet to see that interest expressed, and Shoppers may be the testing ground before bigger stores decide to get in on the craze.

Loblaw isn't the only retailer that is likely looking closely at the developments in the cannabis industry and the success of pot at the retail level; **Alimentation Couche-Tard Inc.** has previously expressed interesting in selling marijuana in its stores as well.

Does this make Aurora a buy?

It's great news for Aurora to have secured a supply deal with a big store like Shoppers, but this is unlikely to mean sales will go through the roof.

The deal is for medical cannabis, which has a smaller market size than recreational pot. Furthermore, online sales can easily be facilitated through a number of different ways; even the Ontario government will make it relatively easy to buy pot online by using **Shopify Inc.** and its e-commerce platform.

Selling pot online is not a big advantage for Aurora over its competitors. If the deal involved in-store sales, then that would have had much more potential given the ability to more easily reach consumers. This deal with Shoppers is a positive, but it shouldn't be the reason you invest in Aurora.

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