

Don't Want to Invest in Pot Stocks but Want the Growth Potential? This Stock Is for You

Description

Earlier this week, Ontario announced that it would [allow private cannabis stores](#) to operate in the province, which is a big change from its previous plans. While that's big news for some of the big pot stocks that have a presence in Ontario, like **Canopy Growth Corp** ([TSX:WEED](#))(NYSE:CGC), one coffee shop is planning on getting in on the action as well.

The Second Cup Ltd (TSX:SCU) has already been [linked](#) to the cannabis industry; earlier this year, it said it would be looking at converting coffee shops into pot shops. Back then, however, Ontario was still planning to run a government-only model, where private companies would not be able to set up stores.

With that no longer being the case, it could give Second Cup a great opportunity to create a big presence in the industry, as the coffee chain has more than 130 locations in Ontario.

The company has partnered with **National Access Cannabis Corp** (TSXV:META) to help convert its coffee shops into pot shops, and its workload may have just gotten a whole lot bigger. The two companies issued a news release this past week, and National Access Cannabis CEO Mark Goliger underlined the significance of the Second Cup's key locations, stating that "Second Cup has exceptional quality real estate in locations throughout Ontario and we plan to leverage this to provide safe and responsible access to legal cannabis."

Although Second Cup is definitely making a big play in the cannabis industry with this planned conversion, it is important to note that the company isn't abandoning its coffee shops and jumping into the new industry. In the release, Second Cup CEO Garry Macdonald stated, "Our strategic alliance with National Access Cannabis allows Second Cup to leverage our real estate assets to increase value for our franchisee partners and our shareholders while maintaining focus on our primary objective of being the specialty coffee brand of choice across Canada."

The company still looks to focus on coffee; it has simply recognized a great opportunity to take advantage of the growing marijuana industry. This leads me to another important question:

Could we see similar deals with other cannabis companies?

While its focus today remains on working with National Access Cannabis, Second Cup could be an attractive option for other pot stocks looking to set up shop in high-traffic areas of the province where space may be scarce. This could unlock a lot of opportunity for the company. I wouldn't be surprised if other cannabis companies wouldn't try to get on board with Second Cup and accelerate the process of setting up pot shops.

While it won't be until April that we'll see private stores in the province selling cannabis, it's not a lot of time to find and secure a location, and then have everything ready to go. By working with Second Cup,

cannabis companies could reduce their lead time and be able to get up and running in a short amount of time.

Canopy Growth is one example of a cannabis company that may be looking to open many stores in its home province. The industry leader would definitely have a demand, and if there's someone like Second Cup willing to offer the supply, it could be a great match.

Given its interest in leveraging its assets and working with the cannabis industry, I wouldn't rule out more potential opportunities for Second Cup as we get closer to April.

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2. TSX:WEED (Canopy Growth)

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