



Will Shoppers Drug Mart's Entrance Into the Marijuana Industry Threaten to Disrupt Canopy Growth Corp.'s (TSX:WEED) Plans for Growth?

Description

Late last week, Shoppers Drug Mart – which was [acquired by parent company Loblaw Companies Ltd \(TSX:L\) for over \\$12 billion in 2014](#) — announced that it had received a received approval from Health Canada to become a licensed medical marijuana producer.

In light of a recent survey that suggested that the majority of Canadians wouldn't know how or where to buy pot even if they wanted to, do the plans of one of Canada's leading retailers to get involved in marijuana distribution threaten to upset the business plan of marijuana "purists" like **Canopy Growth Corp (TSX:WEED)**(NYSE:CGC) and others?

58% of Canadians say they don't know how, or where, to buy legal marijuana

A recent survey conducted by cannabis review and research site Lift & Co published in the *Huffington Post* suggests that the majority of Canadians – perhaps as many as 58% – have admitted that they wouldn't know how to purchase legal marijuana – or where they could buy it – when the drug becomes legal next month on October 17.

Part of the issue stems from the fact that the federal government has delegated responsibility for distributing the drug to the provincial governments.

This decision has led to the provinces taking disparate approaches toward establishing guidelines and regulations around selling and marketing the drug and a general lack of public awareness on the topic.

Take, for example, the Province of Ontario – where 60% of survey respondents said they did not have appropriate knowledge on how to go about buying cannabis product.

When the Canadian Senate first passed the bill to legalize pot for recreational purposes, Ontario's plan was to control and regulate the distribution of pot in the public realm through a chain of provincially controlled retail stores, similar to how the province currently handles sales of alcohol.

However, following the election of progressive conservative Premier Doug Ford, the province has since

scrapped those plans in favour of a [privately-owned distribution network](#).

That has garnered the attention of several companies looking to get their share of the proverbial pot pie, including **The Second Cup Ltd** (TSX:SCU), which has announced its own plans to convert existing coffee chains into marijuana retail outlets.

Particularly in light of the “shadowy” history surrounding marijuana usage that has pervaded much of North American society since the drug was officially prohibited in the 1920s, it wouldn’t be all that surprising that Canadians who are perhaps less familiar with the drug would gain some level of comfort in dealing face to face with some of the country’s more established, or household names.

Corporate entities such as Shoppers and the aforementioned Second Cup not only have an established track record of dealing with the public, but are also responsible for abiding by certain restrictions as part of their requirements as being publicly traded companies.

A greater awareness of more established brands would more than likely not only add a degree of credibility as far as the general public is concerned, but also give a potential edge in gaining market share in the newly established recreational market versus perhaps lesser known or established “Mom and Pop” corner store, or “niche” operations.

Bottom line

Among those “not in the know,” it probably shouldn’t come as much of a surprise that the “baby boomer” category, or those aged 55 or older hold the least knowledge when it comes to awareness around purchasing marijuana products.

In light of the various medicinal and health properties offered by the cannabis flower, it could be a tremendous opportunity for Shoppers to tap into the aging population – offering a new approach to treating such chronic illnesses as arthritis, headaches, insomnia, nausea, joint pain and epilepsy, among others.

Stock in Shoppers’ parent company, Loblaw Companies Limited, yielded investors an annual dividend of 1.74% as of Monday’s trading.

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