

# Will Walmart Inc Sell Cannabis and Send the Industry Soaring?

## Description

Marijuana is going to be legal in Canada as early as next week, and many companies are eyeing the industry's impressive growth potential as an avenue to help grow their own sales. We've seen big beverage brands partner with a few cannabis companies already, and even retailers like **Alimentation Couche-Tard Inc** (TSX:ATD.B) have also [expressed interest](#) in selling the products as well.

Most recently, **Walmart Inc** ([NYSE:WMT](#)) announced that it is conducting some fact-finding related to cannabis to determine whether its Canadian stores would potentially sell pot. The company said it didn't have plans to carry any of the products currently, but it's still a big step to have the popular big-box retailer show an interest in the industry.

One of the big challenges for Walmart and other retailers, however, is that because the laws are different from one province to the next, many inconsistencies need to be sorted out.

Unfortunately, the government has not made it easy for companies to sell marijuana across the country, as leaving it up to the provinces has led to some big differences in how pot products will be sold. We've even seen municipalities seek to ban the sale of cannabis despite its legality.

There are many rules involved, and so it will take Walmart some time to study and assess whether it makes sense to do so given the company's focus on efficiency and low costs. Introducing cannabis could simply complicate that process.

However, if cannabis sales soar as the markets expect them to, it will be difficult for Walmart, Couche-Tard and other retailers to ignore the industry for long. After all, it could offer an easy way to grow sales.

## What does this mean for investors?

For investors of stocks like **Aurora Cannabis Inc**, this is definitely good news, as it will mean another potential way of driving growth for the industry if Walmart does come on board.

It would also be a great way to distribute products to various parts of the country and reach more customers. If Walmart were to sell cannabis, it would open the doors to other retailers, as many would likely follow suit.

The bigger the companies that link up to the cannabis industry, the more validation the industry gets, which will lead to more deals, more investment, and higher stock prices. Recently, there were rumours that Aurora was working with **The Coca-Cola Company** on a [potential deal](#) to work on drinks together.

When you're talking about a stock like Aurora that trades at three-digit price-to-sales multiples, the company is going to need all the growth it can get, and getting big brands like Coca-Cola and Walmart involved is only going to help the industry's prospects.

However, I'm not convinced that having more outlets to distribute the products will mean more sales, especially if people will become accustomed to buying online. But it's still a good sign for the industry if

it can get such big players as Walmart and Coca-Cola interested.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. NYSE:WMT (Wal-Mart Stores Inc.)

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1. Investing

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