



Why Starbucks Corporation (NASDAQ:SBUX) Isn't Interested in Cannabis

Description

Over the past few months, we've heard of some big name companies wanting to get involved in the cannabis industry, and there have been even a few big deals made so far.

However, we've also heard from **PepsiCo, Inc.** recently, which admitted that [cannabis wasn't on its radar](#), even though its main rival has been rumoured to be in talks with cannabis giant **Aurora Cannabis Inc** ([TSX:ACB](#)) on a deal to produce cannabis-infused drinks.

Many beverages companies have shown interest nonetheless, even **The Second Cup Ltd**, which earlier this year [partnered with a cannabis company](#), looks to convert many of its locations into pot shops. But there's one big coffee chain that you shouldn't expect to be selling cannabis anytime soon.

This past week, *BNN Bloomberg* interviewed **Starbucks Corporation** ([NASDAQ:SBUX](#)) CEO Kevin Johnson, asking him about the possibility about cannabis making it into the popular coffee shop. Johnson commented that he doesn't think cannabis would be a good fit for Starbucks, saying, "I just don't feel it's accretive to our brand and kind of what our brand stands for."

What's most surprising to me about that statement isn't that Starbucks feels cannabis wouldn't add value to its business, it's that Johnson suggests it would not be in alignment with the company's values, which suggests to me that the company feels there may still be a stigma associated with cannabis.

It also doesn't help that marijuana is still outlawed in the U.S. and many people still oppose it, despite many states making headway toward legalization. The response from Johnson might offer a hint as to why other companies haven't yet made the leap into cannabis, as it's possible that some may be concerned about their image and what impact associating with cannabis might have on their brand.

However, Johnson didn't close the door entirely, saying that they would continue to monitor the developments in the industry.

Should investors be concerned?

We've seen a few big deals in the cannabis industry so far, but it's only been a few. However, we've seen a number of companies showing interest in the industry, and even a potential deal involving Aurora and **The Coca-Cola Co**, but it could also be companies just kicking tires on different opportunities.

It's too early to see just how many companies are willing to get involved in the industry versus how many prefer to just wait in the sidelines, but given the few that have ventured into cannabis thus far, it does suggest that many companies out there are still hesitant.

Bottom line

We may not see much of an involvement from other industries until marijuana becomes legal in the U.S., at which point the logistics of operating in the industry become easier. However, that's something that could still be many years away.

In the meantime, investors would be better off to assume the status quo going forward. Aurora and other cannabis stocks already have high expectations for growth, and assuming a big company will partner up with them isn't going to make things any easier.

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