

# Swot analysis of the cannabis industry: a booming market still in the grey area

[Business](#)



A few years ago, any discussion of cannabis — also known as marijuana, weed, and pot — were to be kept under wraps. If you sold it, don't mention it. And if you use it, keep it to yourself. That was the reality of marijuana usage until recently.

Now, states like California, Colorado, Alaska, and Washington offer legal marijuana. Canada also recently legalized the consumption and distribution of cannabis. And now the industry that was once illegal and discreet is exploding all over the internet. The market growth is startlingly high and the value of the industry is in the billions.

So, what is really going on in the cannabis industry? Why are people excited by institutions hesitant? And what opportunities — if any — exist in this expanding industry? Read this SWOT analysis of the cannabis industry to find out.

Also read: What is SWOT analysis?

## **Strengths of the cannabis industry: A booming market for jobs and health improvement**

The cannabis industry has never looked better.

But it's funny. Years ago, buying marijuana wasn't something to be openly discussed. You could buy it, but it was illegal. You could grow it, but that too was illegal. So although plenty of people had it, only those with a medical card openly discussed using marijuana.

But now, in 2018, several states have legalized the production, distribution, and purchasing of cannabis. This shift has transformed the cannabis industry. It's viable, sustainable and best of all — completely legal.

Some locations are reaping immediate benefits of the legalization. For instance, California is one of the biggest pot markets right now. Marijuana is available for recreational and medicinal use there. But shops can only sell it if they have a local and state license.

This industry encourages new businesses to distribute marijuana. And what will these shops need? Cashiers. Shopkeepers. Growers and product design. Clearly, the cannabis industry is a major benefit to the economy to not only encourage tourism, but also provide new jobs.

People are thrilled. Why wouldn't they be? Not only can you pop into these shops and walk out with legal marijuana. You can also come out with a job too.

And let's not forget about the benefits of cannabis. Research shows it can manage chronic pain, depression, and epilepsy. If pharmaceutical pills aren't working, cannabis might help.

### **Weaknesses in the cannabis industry: A market still in the grey area**

Some states, and even countries, are lifting the ban on marijuana use and distribution. But not all. In fact, although the industry is exploding, it's still at a slow pace.

Blame fear. People fear the repercussions of allowing others to smoke and use marijuana openly. How will it impact a person's ability to drive? And what are the rules about delivering marijuana to somewhere other than your house? And can you smoke in your apartment?

With more questions than answers, people fear what legalizing marijuana could really mean for the public.

Also, selling cannabis federally is illegal in many places. And cannabis business owners don't get the same deductions like other businesses. Not only that, but traditional banks aren't offering loans or managing the financials for these owners. The banks fear possible legal and regulatory repercussions. But they're not alone. Venture capitalists (VCs) aren't investing in cannabis businesses either, despite the market growing more than 31 percent in the last year. Again, they fear legal repercussions. Because of the future of the industry is still in a grey area.

If banks won't help, and VCs won't invest, new cannabis businesses will have a hard time getting off the ground. What this all means is, although the industry (worth more than \$8.5 billion now) is a good idea, it's doesn't look great on paper. And until it does, banks and VCs might keep avoiding the market.

## **Opportunities of the cannabis industry: Endless jobs and government control**

The cannabis industry is its own opportunity. It's new and steadily growing. Although banks and VCs are holding off, cannabis businesses are still

opening. Jump online and you'll find countless job opportunities. And people are openly buying in legalized locations.

But even the government has a great opportunity here. Take Canada, for instance. In October 2018, they legalized the use of marijuana.

Unfortunately, not all provinces can distribute cannabis. In Ontario, people can only purchase marijuana through the official government website.

Having the only legal option for distribution allows the government to maintain the quality and quantity of their cannabis.

The Canadian government markets their weed as "clean" of impurities. It's safe to use and easy to buy. And boy, did the Canadians buy. In 24 hours, the government website ran out of marijuana. Now they have to wait for restocking and hopefully get something before the website sells out again.

## **Threats to the cannabis industry: Too little and too much product**

Two major threats imposing the success of the cannabis industry are: regulations and supply problems.

Right now, because pot is only legalized in select places, the usage regulations aren't fully defined. Rules are subject to change. Especially as more of the effects of marijuana use are unveiled.

As I said above, people fear how marijuana use will affect drivers.

At the moment, law enforcement don't have a proven way to check marijuana in a person's system. Although specialized breathalyzers are in the works, none are ready for wide-scale use.

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Then there's the supply issue. Canada experienced this first hand when their government site ran out of cannabis in 24 hours. If they wanted more, what were people in Ontario legally supposed to do? They can't buy from shops or people until next year. The only choice they have at the moment is to wait.

To be fair, an initial supply shortage is expected. Many marijuana growers are weary. They don't want to commit to producing a large quantity unless they know it'll sell for certain.

But then the opposite happens: people grow too much weed, causing an oversupply of the product. Although this can be good to offset the price of per-gram weed, it's bad for growers. Their margin shrinks. And finding someone to hold all their supply can be difficult.

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