

The Cannabis Brand-to-Consumer Connection



Breaking down the
obstacles faced by
cannabis brands
when bringing
products to
market.

In partnership with:

Ganjapreneur

Presented by:

JointlySM

It's a hard-knock life for cannabis operators.

Beyond the difficulties faced by any new business, the cannabis industry comes with its own set of unique challenges. From being federally barred from taking most tax deductions due to IRS code 280E, to navigating jurisdictions that have banned cannabis businesses outright, to fulfilling mandatory and costly compliance measures related to inventory tracking and security, simply keeping a cannabis production business operational can be a daunting task.

To help better understand the cannabis brand-to-consumer connection and identify the most severe marketing obstacles that brands face, we compiled this report based on data gathered via a survey of 100 cannabis brand executives that we conducted in fall 2020.

The results revealed that the challenge brands face is two-fold:

FIRST

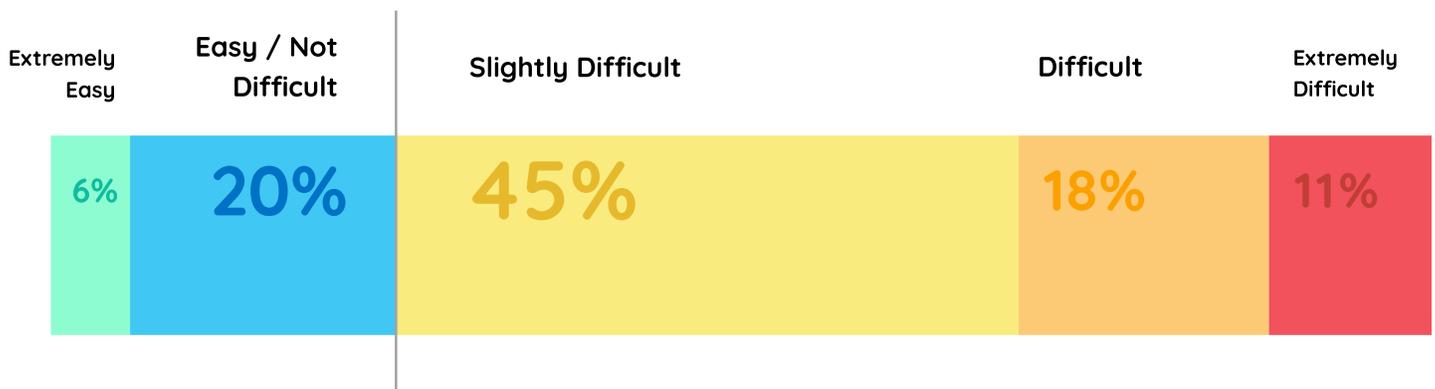
Brands must overcome the marketing obstacles in front of them before they even reach the consumer.

THEN

Brands must navigate issues related to the lack of general knowledge about cannabis, persistent widely-held misconceptions, and the world's evolving understanding of how cannabis can be used for particular goals or to alleviate specific conditions.

How do brand reps

feel about their ability to connect with consumers?



When asked how difficult they felt it was for cannabis brands to educate consumers about their products, **only 26% of brand reps reported that it was “easy” or “extremely easy.”**

45% of respondents rated the experience as “slightly difficult,” with 18% rating it as “difficult” and 11% rating it as “extremely difficult.”

DIGGING DEEPER

Knowing that the majority of cannabis operators experience some degree of difficulty in bringing their products to market, the rest of our survey focused on identifying what these obstacles are and how operators are dealing with them.



What do brand reps perceive as the most significant barriers to consumer marketing?

Presented with an array of some of the most commonly-discussed marketing obstacles within the cannabis industry, respondents were asked to rank them on a scale of 1 to 5, with 5 being “a very serious problem,” 3 being “a problem,” and 1 being “not a problem at all.”

MOST SIGNIFICANT MARKETING OBSTACLES

	Not a problem at all	A minor problem	A problem	A serious problem	A very serious problem	Weighted Average
Restrictions on cannabis advertising	9%	18%	25%	26%	21%	3.32
Back-channel dealings	12%	21%	24%	20%	21%	3.17
Competition from the unregulated market	16%	27%	15%	18%	23%	3.05
Lack of consumer education about cannabis	7%	26%	36%	16%	14%	3.04
Lack of budtender knowledge about products	11%	26%	26%	21%	13%	2.99
Competition from corporate/celebrity brands	28%	30%	18%	9%	13%	2.48
Market over-saturation, too many brands	31%	23%	22%	11%	11%	2.47

Cannabis brands face critical marketing obstacles before they even reach the consumer

Perhaps unsurprisingly, the greatest “pain points” that emerged from the survey responses pertained to obstacles that cannabis brands encounter before they even have an opportunity to think about traditional marketing avenues like branding, packaging, and advertising.

Over-regulation

The most serious problem, according to the weighted average, was listed as restrictions on cannabis advertising. 21% of respondents listed it as a “very serious problem,” 27% considered it a “serious problem,” and 26% listed it as “a problem.”

In reality, cannabis brands simply do not have the same options available to them that are available in other industries: if and when they do get to advertise, every ad requires strict review and adherence to all regulatory guidelines or risk major fines / revocation of license. These advertising guidelines also often change, resulting in costly reprinting and replacement of ads and signage. Brands that operate in multiple jurisdictions or state markets are then additionally subjected to the complexities of the different rules they exist under, and may need to invest in entirely separate advertising strategies for each market to maintain compliance. Cannabis ads have also been banned by most popular digital platforms, which further limits the available options for paid exposure.

A 'Wild West' Industry

The second most severe problem according to the weighted average was listed as back-channel dealings, indicative of the commonly-referred-to 'Wild West' characteristics of the cannabis industry, where a large number of contenders are racing to claim an open expanse of market share, using any and all tactics -- ethical or otherwise -- to gain footing. Back-channel dealings can take many forms, such as political favors, product diversion, and under-the-table alliances between the largest producers and retail chains, leading to a lack of available shelf space for smaller operators.

Competition From the Unregulated Market

Because purveyors of unregulated products do not pay taxes, adhere to costly security and consumer safety regulations, or follow mandated traceability processes, they are able to charge less for their products and undercut the regulated market. Statistically tied as the third most severe problem according to the weighted average, competition from the unregulated market actually had the most respondents label it as "a very serious problem" with 23.47% listing it as such, indicating that this issue is likely top-of-mind for many operators.

The other two problems that were statistically tied with unregulated competition were:

- Lack of budtender knowledge about a brand's products
- Lack of consumer knowledge about cannabis

Both of these had a weighted average of at least 3.0, indicating that by—and large—producers view each of them as "a problem."



What tools are brands currently using to reach their customers?

For a broad view of the cannabis marketing landscape, we asked respondents of the survey to list out all of the advertising methods / channels currently in use by their business.

According to the results, the domain of digital media is where most cannabis advertising occurs: Social Media was by far the most common advertising channel used by cannabis brands, utilized by over 88% of brands. Additionally, more than 70% of respondents said their business has a website and search presence.

POPULAR MARKETING TOOLS

1	Social Media	88%
2	Website / SEO	70%
3	On-site Promotions / Vendor Days	51%
4	Email Marketing	48%
5	Cannabis Directories (Weedmaps, Leafly, etc)	39%
6	Influencer Partnerships	35%
7	Text Messaging	31%
8	Magazines / Print Advertising	23%

How do cannabis operators feel about the effectiveness of their marketing options?

When respondents were asked to rank these marketing tools according to their effectiveness on a scale of 1 to 5, with 1 being “totally ineffective” and 5 being “extremely effective,” the highest scoring option was Onsite Promotions / Vendor Days with a weighted average of 3.73. Onsite Promotions also received the most “extremely effective” ratings with 23% of respondents labeling them as such.

Social Media was listed as the second most effective channel with a weighted average of 3.47, with 17% rating it as “extremely effective” and 29% rating it as “effective.”

Cannabis Directories, Websites, and Influencer Partnerships were statistically tied for 3rd place with a weighted average of ~3.3. Email marketing, Text messaging, and Magazines were statistically tied with a weighted average of ~3.0.

EFFECTIVENESS OF MARKETING OPTIONS

	Totally ineffective	Mostly ineffective	Somewhat effective	Effective	Extremely effective	Weighted Average
Onsite Promotions / Vendor Days	2%	7%	28%	36%	22%	3.73
Social Media	4%	7%	42%	28%	16%	3.46
Cannabis Directories (Weedmaps, Leafly, etc)	4%	9%	43%	27%	14%	3.39
Website / SEO	4%	6%	50%	28%	9%	3.33
Influencer Partnerships	7%	12%	37%	27%	14%	3.3
Magazines / Print Advertising	6%	25%	33%	28%	6%	3.03
Text Messaging / SMS	9%	20%	36%	20%	9%	3
Email Marketing	5%	23%	43%	15%	8%	2.98

If social media and digital advertising methods are more popular, why are onsite promotions rated more effective?

In most states, producers and processors are prohibited from directly selling to consumers. While some markets allow for vertical integration (there are some instances of microbusiness licenses similar to craft breweries and wineries), the vast majority of cannabis products are sold through independent retailers that producers must build relationships with.

When a producer and retailer team up for a vendor day or onsite promotion, it's one of the rare times a brand representative can pitch their products directly to consumers in person, bypassing all of the hoops they normally encounter. It would seem plausible that when a brand rep is able to educate consumers directly and see their reaction in person, they would

have more confidence in the fact that they had made a lasting impression.

Compared to online alternatives, onsite promotions also require much more time and effort and involve employees traveling to different locations, as well as having a well-established relationship with the retail partner, which could be prohibitive factors for early-stage or under-staffed brands.

Onsite promotions were rated as “extremely effective” more than any other marketing tool.



The final hurdles:

Misconceptions, misinformation, & the complexities of plant medicine

We asked respondents to select which of the following misconceptions about cannabis they felt was the most common.

COMMON MISCONCEPTIONS

53%

That cannabis products with the highest THC content are the best products.

24%

That the experience of a particular cannabis product is consistent for everyone

7% Other

16%

That all cannabis is pretty much the same

When asked to select what they felt was the “biggest misconception” about cannabis among average consumers, the majority of respondents to the survey (53%) said it was “that cannabis products with the highest THC content are the best products.”

In second place, 24% of respondents said that the biggest misconception was “that the experience of a particular cannabis product is consistent for everyone.”

“That all cannabis is pretty much the same” was in third place, with 16% of respondents listing it as the biggest misconception. A handful of respondents selected “Other,” and typed in statements equivalent to “all of the above.”

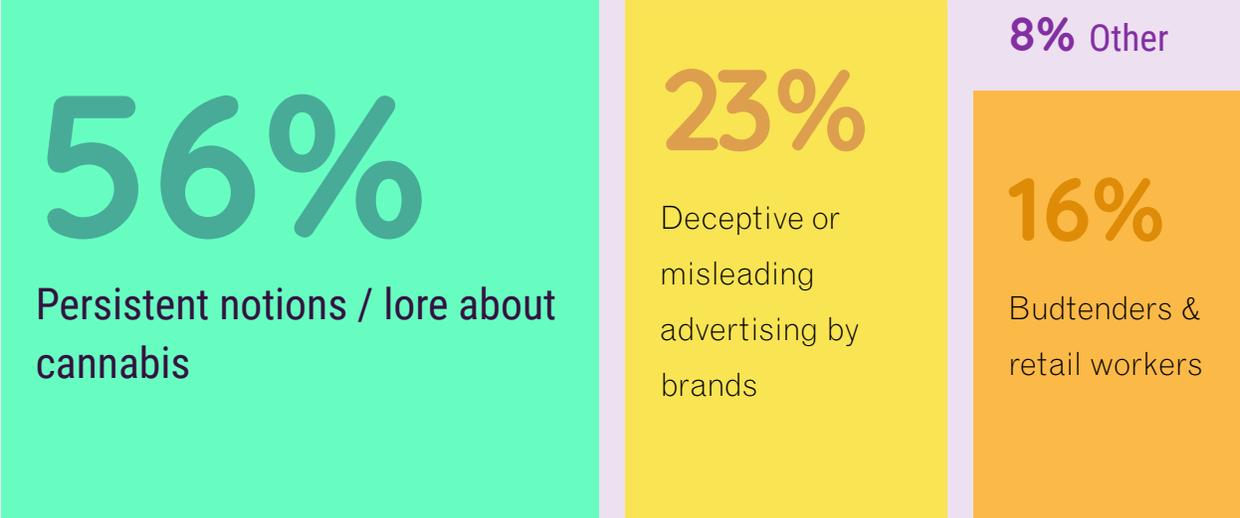
In reality, each of these misconceptions could pertain to the general lack of knowledge about cannabis among consumers and researchers alike. Over the past several years, industry professionals have quickly become aware of the complexity of the cannabis plant and the diversity of its biological components and their effects. However, studies have suggested that the vast majority of the U.S. population is still only familiar with THC as the source of cannabis' effects, and THC is also often the only required metric for cannabis labels under state regulations.

Identifying sources of misinformation about cannabis

When presented with a list of options and asked to select what they perceived to be the “biggest source of misinformation about cannabis” among average consumers, the majority of respondents picked “persistent notions / lore about cannabis,” with roughly 56% of brand reps voting for it.

23% said that “deceptive or misleading advertising by brands” was the leading source of misinformation, while 16% said it was “budtenders & retail workers” who were to blame.

SOURCES OF MISINFORMATION



That persistent “lore” was rated as the greatest source of misinformation may not be surprising considering that most consumers' only knowledge about the plant comes from popular culture and word-of-mouth. The current general lack of knowledge about cannabis (not to mention the past several decades of anti-cannabis propaganda and suppression of medical research) has enabled anecdotal “truths” to take root, some of which are based in reality, such as pairing cannabis with mangoes and other select foods for enhanced experience – and some of which are based on misunderstandings, distortions, or negative stereotypes.

How do brands use packaging and labeling to communicate a product’s qualities and effects?

As the adult-use cannabis industry has developed over the past several years, three main trends have emerged in product labeling:

- Labeling according to the Sativa/Indica/Hybrid paradigm or with specific ratios
- Referencing the plant's genetic origin, i.e. which cultivars were combined to produce it
- Using effects-based marketing terms such as “Calm,” “Uplifting,” “Energetic,” etc.

LABELING METHODS

by sativa / indica / hybrid

30% Sativa
70% Indica



by genetics

Haze
x
Blueberry



by effect

Calm
Bliss



We asked respondents to select which of these methods they found to be the “most effective way for brands to describe cannabis products,” and the results were intriguing:

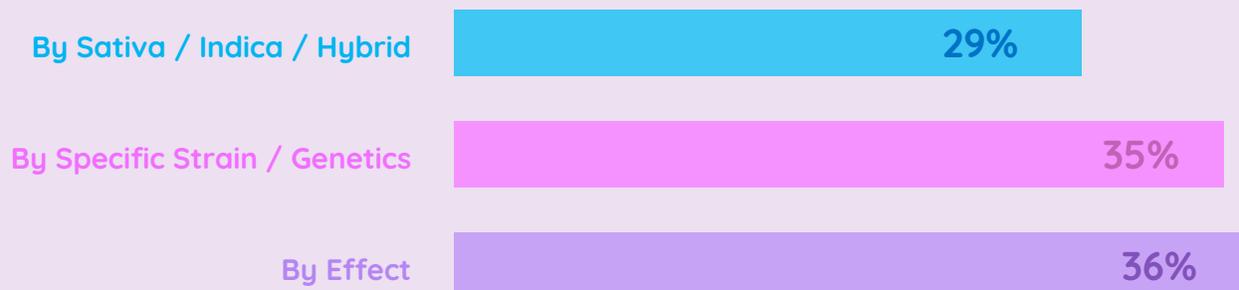
Overall, there was no clear leader in regard to which approach respondents felt was the most effective when asked directly. “By Effect / Feeling” and “By Specific Strain / Genetics” were statistically tied at 35%, with the “Indica / Sativa / Hybrid” paradigm close behind at roughly 29%.

However, when respondents were given the opportunity to rate each of these options individually according to their usefulness, two interesting patterns emerged:

- Only 11% of respondents described labeling by Effect as “not useful,” compared to 20% for both Strain/Genetics and Indica/Sativa/Hybrid.
- The most-selected option for each labeling practice was that it “can be useful, but is not always accurate.”

Together, these revelations could be indicative of a public awakening to cannabis as a wellness product as opposed to a purely recreational substance. On the one hand, due to the lack of available research about medical cannabis and the fact that one product may affect different people in different ways, not to mention FDA regulations that prevent cannabis companies from making specific medical claims, labeling by effect may not be consistently accurate. But as more consumers begin to seek out cannabis for a particular reason, such as helping with insomnia or alleviating anxiety, they are more likely to shop based on a description of a product’s effects, which could explain why fewer brand representatives felt that this approach was “not useful.”

MOST EFFECTIVE WAY TO DESCRIBE CANNABIS PRODUCTS



In Conclusion

It is evident in the results of this survey that cannabis brands are severely impacted by the unique market conditions in which they exist. Knowledge about this plant has been severely impacted by its criminalization over the past several decades. Brands need new and innovative ways to:

- **Engage, educate, and inform consumers**
- **Overcome the lore, myth, and stigma associated with cannabis**
- **Compete amidst a thriving black market with back-channel dealings**
- **Dispel the misconception that products with the most THC are the best**
- **Guide consumers through the rich diversity of experiences and effects possible with cannabis**

The good news? Jointly can help.

“Every cannabis user is a medical patient, whether they know it or not.”

- Dennis Peron, medical cannabis activist

About Jointly

Jointly is an app that helps consumers discover purposeful cannabis consumption. Jointly users learn to enjoy their ideal cannabis experience every time by tracking the 15 factors that can impact their results.

Consumers using Jointly rate the same cannabis products 25-50% higher for effectiveness compared to consumers who are not using Jointly.

Do you want to help your customers learn to love your products?

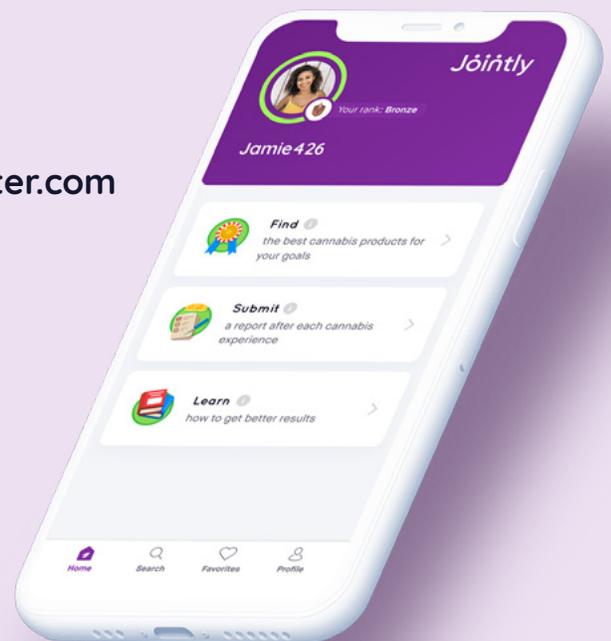
Do you want to gain valuable customer insights into product usage and effectiveness?

We are looking to partner with brands who put customer wellness first, are open to consumer-led feedback on their products, and are focused on delivering more effective cannabis wellness.

Let's work together. Learn more at jointlybetter.com

Contact us today at hello@jointlybetter.com

JointlySM



About Ganjapreneur

Ganjapreneur is a digital business journal for the cannabis industry, reaching over 120k cannabis professionals monthly. The data contained in this report was derived from an online opt-in survey promoted on the Ganjapreneur website and newsletter, with a subset of 100 representatives from cannabis production/processing brands, primarily in executive roles. The survey was conducted during September & October 2020.