

CONSUMER INSIGHTS FOR CANNABIS INDUSTRY MARKETERS

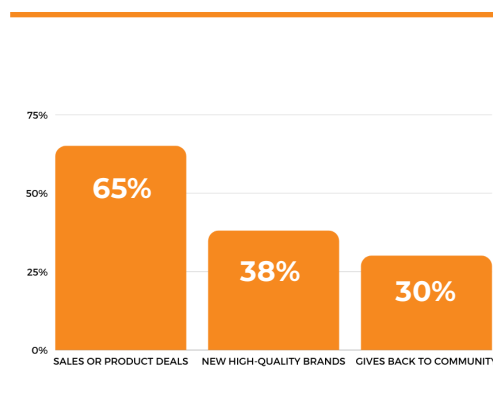
The national parent organization of MLive Media Group, Advance Local, has invested in research to support the cannabis sector. Partnering with Drive Research, a top market research company in Syracuse, NY, who designs studies, analyzes data and builds custom research for a variety of industries, including the cannabis industry, we've reported on their findings and how they might benefit the marketing decisions for cannabis.

In Q4 2021, an online study targeting audiences throughout Michigan self-identifying as "Cannabis users" was conducted, collected 410 responses. The findings reported here are a result of that survey.

FINDING:

Customers are loyal to a Dispensary and Product, but more so to the Dispensary Itself

A majority of respondents indicated they are loyal to both their dispensary and products they purchase, but most loyal to their dispensary. The biggest factors cited



were price, high quality products and product selection. So what would make someone try a new dispensary? Similar answers to why customers are loyal: sales or product deals (65%), new high-quality brands (38%) and a dispensary that gives back to its community (30%)

Reasons to try a new dispensary were indicated as sales or product deals (65%), new high-quality brands (38%) and a dispensary that gives back to its community (30%)

Marketing Take-away:

Brand loyalty is the ultimate goal. Obtaining a customer, keeping them, and turning them into a brand ambassador who advocates to their friends and family. As a result, It's extremely important to make people aware of your brand. Target the right

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audience with your messaging, bring them down the funnel and ensure that they have a quality experience with you, either in person or online. Stay in touch through marketing, social, or newsletters.

How to Act on this Knowledge:

To obtain new users, the Cannacurious, quality branding and experience are equally important. Attracting customers from competitive dispensaries via geo-fencing and/or targeting “in-market THC” means geo-targeting across a programmatic network. MLive can help drive this dual strategy by utilizing 1st and 3rd party data, building audience segments based on the behaviors of your prospective customers. We’d also recommend a creative strategy to compliment this strategy – serving the right ad to the right user. Understanding that the primary reason for trying out a competing dispensary is sales or deals, it’s important that your creative has an offering and a strong call-to-action. Dynamic OTT video (streamed commercials to smart tv’s) would be a great way to showcase your product deals and new, high-quality brands in 1 spot.

FINDING

Purchase size averages \$50-\$150 with majority purchasing from once a week to once a month

100% of our respondents are Cannabis users. A large amount of them have purchased liquor (64%) or beer (59%) in the past



6 months. 62% use Cannabis every day, and have used Cannabis prior to becoming legal in 2018 (64%). Their preference, in terms of consumption, is smoking (78%) followed by edibles (70%).

Marketing Take-away

Body: Knowing your average spend during a visit and the recency and frequency of a visitor can help set marketing budgets. Further, reporting on conversions (web traffic, foot traffic, online conversions), we can calculate an ROI on this ad spend. This knowledge helps determine creative messaging. understanding that flower and edibles are the top preference with our respondents, you can tailor your creative messaging to focus on these products.

It’s important to utilize CRM data to understand your audience and their purchasing behaviors/preferences, helping guide future decisions.

How to Act on this Knowledge

MLive can deliver to an “in-market THC” audience who fits this description – those who spend heavily and often. It’s important to set the optimal frequency as well, to ensure you’re reaching this consumer often enough to make an impact, but not so much that you’re losing out on scale or worse—spamming a prospective customer. We also can execute various A/B creative tests to gauge which products are resonating best with our audience (either across MLive’s Cannacurious audience or across our programmatic THC audience).



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FINDING

People want Gift Cards!

Over half of those who responded answered that they were VERY likely to consider purchasing a dispensary gift card for a friend or family member. Not only are they interested during Holidays, but also birthdays and other life events.

Marketing Take-away

Gift cards are an effective way to bring on new customers through loyalty and referral from the one who purchased the card. Gifting provides immediate trust towards the dispensary.

How to Act on this Knowledge

Gift Card Giveaways are a great way to drive favorable brand lift, maximize frequency and engagement, and increase your CRM overnight. People enjoy visiting businesses who give away things...so they'll immediately have a favorable response to your brand. In addition, you'll receive all opt-in contact information from those who enter!

Another way to drive awareness of gift cards is by use of your creative – having a strong call-to-action with a promotion (aka buy \$100



gift card, get additional \$10).

After discussions with a few of our partners, we learned more about the background on why some of these answers may exist. The cannabis space is proving to be a place where we are able to learn, educate and grow with each other, to have open conversations, share struggles and help one another as the industry grows. We at MLive are here to listen, to better understand, to grow with you, and to help you market your brand along the way.

Is there anything that stood out to you or surprised you with this research?

Please share @cannabis@mlive.com!



Contributed by Carrie Jacoby, Sales Manager

