How To Grow Your Dispensary With Better Cannabis Payments

Learn how to implement reliable payment solutions that help your business grow faster and operate more efficiently.

spendr

Every dispensary wants to grow.
But how do you get there?

Processing payments as a dispensary can be complicated and inefficient. In this short guide, you'll learn how to drive revenue with modern, compliant payment solutions that ensure customers spend and visit more.

Dive in to learn:

- How to boost convenience and security while drastically reducing compliance risks
- Ways to improve your customer experience based on real market research data
- The features to look for in an efficient, modern digital payment provider
- The right steps to familiarize customers with modern, safe digital payment methods

In our industry, cannabis businesses simply don't have access to the same solutions as other industries. This is especially true when it comes to payments and banking.

Typical retailers can speed up transactions with tap-to-pay, Apple Pay, or card payments through major banking networks.

The data from Onbe's 2022 Future of Payments Survey shows that customers find paying digitally more convenient and secure.

"**74% of consumers prefer to make payments using digital methods over traditional forms**, including cash. 65% of consumers believe digital payments are the most secure [compared] to other...types."

Offering digital payments benefit cannabis retailers as well, in a variety of ways. Lines move faster, clerks can focus on product knowledge, compliance becomes easier to manage, and that's just the start.

There have been many unsuccessful and risky "next best things" when it comes to cannabis payments. But today, compliant, modern, and cashless payment solutions are available if you know where to look.

Continue reading to discover how to find the right payment partners, and successfully implement digital payments.

4 Best Practices for Payments

1. **Minimize payment risks for your dispensary and customer community**
2. **Protect your business investment by offering multiple payment options**
3. **Offer mobile solutions that work for multiple order types**
4. **Encourage and incentivize the use of digital payments on digital channels and in-store**

1 **Minimize payment risks** for your dispensary and customer community

Most current payment methods are riskier than any business should be forced to deal with.

Cash was the easiest option when the first dispensaries opened and it continues to be popular today. Unfortunately, cash has led to an uptick in dispensary robberies, additional security needs, counting errors, and compliance mistakes.

Plus, operating in all cash has always been expensive when considering transaction speeds, labor efficiency, shrinkage, transportation costs, and deposit fees. Merchant service fees can also be unnecessarily high for accepting cash, adding upwards of 15%.

Prepaid gift cards entered the scene as a workaround but came with red flags and inconveniences—including wasted funds since they don't operate in exact dollar amounts.

Most of these programs also require federal registration, but typically providers skip this time-consuming step. Any prepaid program not registered or licensed could be shut down.

Cashless ATMs were the most popular solution until the 2021 Visa crackdown, leaving some dispensaries in a difficult situation without a payment provider.

Also known as Point of Banking, cashless ATMs act as a portable ATM during checkout. They include an ATM fee, rounding up to the next $5 increment, and the budtender giving cash back.

Flagged by major card companies due to policies against using cards for cannabis transactions, this option can be risky.

PIN debit is an electronic transfer of funds through a debit card, without the need to round and return cash, but it costs dispensaries a hefty processing fee. Recently in July 2023, Mastercard blocked debit transactions for buying cannabis, even with PIN debit. Yet many dispensaries continue to accept card payments.

Cryptocurrency, despite its known volatility, has been used for cannabis transactions. It's a decentralized digital system tracked on a blockchain ledger, allowing the encrypted exchange of funds. It's not only risky in holding value, but it isn't likely that the older consumer demographic would be willing to pay with crypto.

> The best way to minimize the payment risks to your dispensary is clear—**cashless ACH payments.**

ACH payments are the safer cannabis payment method. Automated Clearing House (ACH) transactions are electronic bank-to-bank payments processed through one centralized online system. Nacha governs the network and reported: "The modern ACH Network experienced significant growth in 2021, with 29.1 billion payments valued at $72.6 trillion, and Same Day ACH payment volume grew nearly 74%."

With low to no customer fees, consumers love ACH payments. Dispensary owners do too, thanks to the increased security, easy-to-manage payment reconciliation, and regulatory tracking/reporting. ACH allows operators to resolve compliance disputes quickly before facing warnings or fines.

2 **Protect your business investment** by offering multiple payment options

Relying on one payment provider can be a mistake. Here's why, and how you can avoid the pitfalls associated with it.

Volatile regulations. Regarding payments, you need to worry about two forms of compliance—state cannabis regulations and banking compliance laws. Don't risk expensive fines, legal fees, or your license to sell cannabis.

Some of the earlier payment workarounds are risky from a compliance perspective and could either get shut down by a bank or a regulator.

Brand reputation. Customers will likely feel frustrated if a payment source malfunctions in-store or online. You don't want to deter shoppers from making your dispensary their regular spot. Plus, erratic payment performance, limitations, or extra steps take valuable time away from customers and cost your business revenue.

Safety and security. It's a no-brainer that cash-free options are safer for everyone than handling large sums of cash or having an on-site ATM.

California dispensaries have experienced consistent robberies since becoming recreational back in 2016.

Having more than one option means consumers can pick a method they trust. You'll also save money and gain peace of mind.

Consumers prefer choices. Modern shoppers like the ability to choose from multiple payment options. Fundera reports, "The average consumer uses 3.6 different payment methods each month."

Almost all non-cannabis retailers now offer multiple payment options, yet in our industry consumers are typically given just one or two payment methods to use for their order.

Payment method insights. You can compare order efficiency between your payment methods and see if checkout times speed up with scan-and-go functionality. By A/B testing these, you can make wiser business decisions.

Cost variances. Be sure to select alternative payment solutions that meet these industry requirements at an affordable price for your business.

Check out any sale percentages, transaction costs, or hidden fees that might occur. If one payment type fails, a more user-friendly and cheaper solution may be available, so start familiarizing customers now.

> **"One industry study was able to demonstrate that adopting a digital payment system would decrease overhead costs 4.7%-15.3%, which in most cases, more than covers the costs of going digital."**
>
> *-Forbes*

3 Offer mobile solutions that work for multiple order types

Growing your dispensary starts with increasing your efficiency—especially at checkout.

Cashless, mobile payments ensure customers can buy when, where, and how they want.

Since mobile payments are so popular among consumers, your dispensary can make the buying experience more accessible with express lanes, online sales, delivery, or curbside pickup.

ACH provides the most modern customer buying experience by far. ACH payments can be used for in-store, online, order-ahead, and delivery sales, which current debit solutions can't offer.

With a mobile app, your store can accept payments in seconds, and your staff can process transactions anywhere your state allows.

Not only are these order types cost-efficient, but they tailor to the needs of cannabis patients who may be struggling with mobility. **The result? Larger orders, more daily revenue, and happier customers.**

Note: *As of this publication, dispensaries that partner with Spendr can legally offer multiple order types. State regulators allow phone, online, and curbside in OH, and delivery, curbside, and online orders in MI.*

Make transactions a breeze with features like QR codes, prepay options, pre-authorization, and easy voiding or refunding.

You save valuable checkout time when customers can simply scan and go, which means more transactions (and revenue).

At the end of the day, it's really all about increasing ROI (return on investment) so your dispensary can continue to grow now and in the future. Offering ACH payments and taking cash out of the equation goes a long way towards that goal.

NCIA recently shared a blog that dives into this topic, "How to Navigate the Cannabis Payment Landscape in 2023," in which they state that going cashless results in:

- At least a **25%** average transaction value increase
- Increased customer **loyalty** and **retention**
- Overall **improved operations** with data insights

> **"The most important benefit of going cashless is that you'll see a massive increase in sales and revenue.**
>
> **When a customer is not limited by the amount of cash on their person, they…buy more, and budtenders are better equipped to upsell."**
>
> *-National Cannabis Industry Association*

Decrease waiting times. States that recently became legal often have to check customers in before letting them see live cannabis products, leaving customers in a waiting room.

With mobile apps that can store medical cards and let consumers checkout in minutes, everyone can have more time to learn from their clerks and address their symptoms.

4 Encourage and incentivize the **use of digital payments**

While digital payments benefit every dispensary, getting customers to sign up can be challenging.

Here's how to encourage customers to download and use the digital payment options available today.

Announce that most digital payments are FREE to use! This is refreshing news for cannabis users who have been used to withdrawing cash and paying an ATM or cashless ATM fee each time.

Your customers could save $3–$5 for each transaction and replace that with a pre-roll or other small upsell item by the register.

Gain their trust with exact transactions instead of rounding and returning change. Help consumers trust new digital payment processes and normalize the cannabis shopping experience by providing transactions in the exact amount they spent.

Pew Research Center's study proves that the older demographic struggles to trust mobile payment methods, but Millennials and Gen Z are already used to relying on them.

Make your dispensary more convenient for your older customers by offering a secure app that's easy for them to learn and doesn't require rounding funds!

> "Spendr was quick and easy to set up [at Verdant Creations]. Linking my bank account was easy, and I received my $25 reward instantly."
>
> *-Shawn Nance, Spendr User + Patient Care Specialist at Verdant Creations*

Increase user adoption with sign-up bonuses. Sign-up bonuses, first-time rewards, and giveaways are proven methods to gain new customers and inspire them to use the safer, cashless, and free payment options available.

While some states restrict the rewards dispensaries are able to offer consumers, there are platforms available that provide rewards and payments for dispensary customers within one app.

At the end of the day, your business will benefit by providing an enjoyable, rewarding buying experience compared to the long lines, fees, and wait times associated with cash or card.

Prioritize consumer convenience. In the cannabis retail world, convenience is a new horizon. Our case study with Strawberry Fields Columbus proves that 88% percent of users reported feeling satisfied with Spendr's Payments + Rewards App, and 98% kept using the app after their first purchase*.

They reportedly loved the experience of buying cannabis easily and paying with a few taps of a mobile app at checkout.

Incentivize loyalty with payment-based rewards. The Forbes article "How Customer Rewards Can Help Grow Your Digital Wallet Application" explains the psychology behind how you can quickly earn return customers with a loyalty and rewards program.

By providing rewards to your customers for buying the products they love at your store, you'll see a 22%-25% increase in average basket size and monthly sales.

> "Loyalty programs and rewards act as positive triggers that transform your services and products into a new buying habit… This is how in-app loyalty programs can grow revenue while blurring the line between physical and digital businesses." -*Forbes*

Let Spendr do the work for you.

Spendr processes bank-to-bank transfers using Same Day ACH requests that arrive within 24-48 business hours. Spendr Partners have full control over when their money is withdrawn and all funds are guaranteed, even if a consumer's deposit is rejected.

In addition to the modern, cashless payments, Spendr provides rewards that go directly into your customers' digital wallets. Our users return the favor by buying more cannabis at a time and visiting retailers that accept Spendr more often.

With integrated retention marketing plus digital payments and rewards, Spendr makes it easy to grow a community of high-spending, loyal customers that can't wait to come visit your store again and again.

To learn more about our payments, marketing, and rewards platform built for cannabis, check out **Spendr for Dispensaries** or reach out to **hello@spendr.com**. We'd love to help you grow.

Disclaimer: *This guide is intended for informational purposes only and should not be considered legal advice. Consult your state's up-to-date regulations and/or your own legal counsel. *Data sourced from merchant data and customer interviews. Results are not guaranteed.*