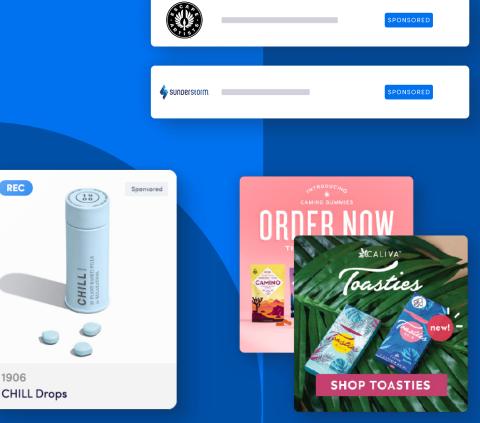
Breaking Through the Noise

How To Elevate Your Cannabis Brand and Drive Growth



Breaking Through the Noise: How To Elevate Your Cannabis Brand and Drive Growth

Cannabis is growing fast, but it's still a budding industry (pun intended.) As the world of wholesale cannabis has expanded, it's received a lot of attention from major economic players seeking the next big opportunity. The industry is projected to expand to <u>\$48.3 billion</u> by 2025, and it's natural to expect exponential growth as more states continue to legalize recreational cannabis.

With this steep projected growth, cannabis brands need to break through in more ways than one to survive, let alone thrive, as competition increases — particularly at the wholesale level.

Since new brands are entering the market every day, the best time to develop a winning marketing strategy was yesterday. The next best time is right now. To elevate your brand from the competition, it's critical to master two things: adapting to cannabis marketing regulation, and employing a data-driven marketing strategy to maximize results. In this guide, you'll learn how to harness market intelligence to ensure your brand can survive for the long-term.

Every cannabis industry success story starts with a strong brand identity and avid community of buyers, but these are really table stakes. If you don't have this figured out, the more sophisticated, data-driven strategies aren't going to be as effective. To continue to drive growth as a wholesale cannabis marketer, win the basics but leverage the two particular strategies of today that break through the noise.



Chapter 1: Cannabis marketing challenges

Marketing a cannabis brand has always been challenging, largely due to the regulations restricting how, when, and where cannabis brands can promote themselves. Regulations have an impact on many facets of cannabis marketing, from building a brand identity, to turning that identity into engaging product packaging, to leveraging commonly-used digital marketing channels, and more.

What are those challenges?

State-by-state regulations on advertising along with the ban on federal advertising while cannabis remains illegal at the federal level. Likewise, platforms like Facebook and Google that base their compliance policies around federal regulations don't allow cannabis marketing, capping the most advantageous channels for marketers today. Lastly, there are an array of packaging requirements that vary by market, which is both the battle and the opportunity for new and legacy cannabis brands today.

Federal regulations

Cannabis remains a Schedule 1 substance at the federal level. This makes for a complicated regulatory and legal framework that all businesses need to be keenly aware of. That said, national advertising is not permitted for any cannabisrelated businesses or products. Any national publication that runs a cannabis-related advertisement could run into issues with federal regulators, so they simply stay away.

So what does this mean for our industry? Cannabis advertising regulation impacts all paid advertising, including print, out of home, TV, radio, and digital. In other industries, paid advertising is often the machine behind brand building and customer acquisition tactics particularly when building a presence within a locale or marketplace.

Even platforms like Google, Facebook, Instagram, Twitter, and LinkedIn are all governed by federal law, and as a result they <u>don't allow brands to run</u> <u>cannabis-specific advertising</u>. Most paid advertising opportunities are simply not viable in cannabis, and there are too many regulatory risks and legal difficulties for a brand to rely on paid advertising for their revenue growth.

So how do you navigate these challenges? While learning how to overcome regulatory challenges probably isn't the reason you started a cannabis brand, it's absolutely vital to your survival in the current cannabis landscape.

State-by-state regulations

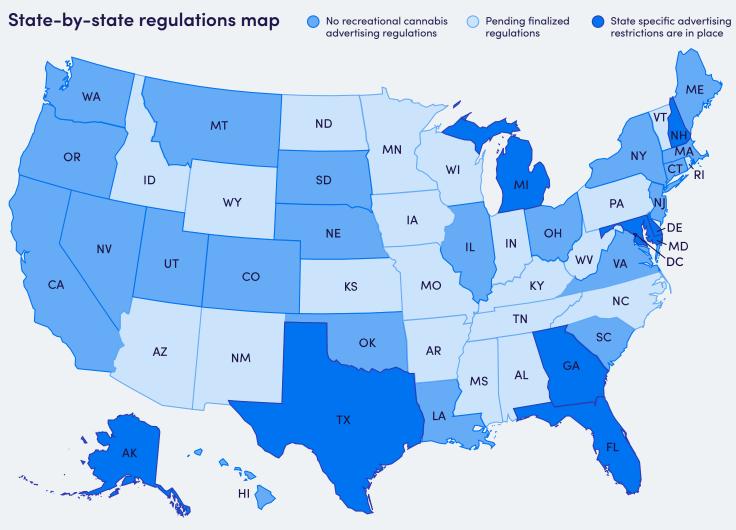
While cannabis remains federally illegal, it's up to each individual state to determine the laws surrounding how cannabis brands can advertise. Once Colorado became the first state to legalize recreational cannabis use back in 2014, the specifics around cannabis advertising regulations became far more important.

Many states that have legalized cannabis for recreational or adult use have based their laws on a pre-existing market: alcohol. Alcohol also has a good amount of restrictions around advertising at the state level, even though it is a legal product in the eyes of the federal government.

Still, every state has <u>their</u> <u>own unique laws</u> regarding how cannabis businesses can advertise. If you don't master your local regulations, you won't be able to work around them and take advantage of the best opportunities to accelerate revenue growth.

Colorado primarily went with a similar framework to alcohol – no television, radio, website (display), or print advertising where the audience includes more than 30% of people under the age of 21. The state also bans all outdoor signage, mobile/location-based advertising, unsolicited internet popup ads, banners on massmarket websites, and unsolicited leaflets. The blanket ban on billboards in CO was updated in a 2019 overhaul of the state's cannabis regulations, and now public advertising is permitted – provided the ad is 500 feet away from schools, playgrounds, and churches.

In California, billboards originally were required to be further than 15 miles to the border or another state. The state Bureau of Cannabis Control updated this law in 2021, prohibiting billboards from any roads that cross state borders at all – highlighting how important



State-by-state regulatory data sourced via CannaCon, 11/9/2021

it is for brands that advertise to be 100% on top of the latest regulations in their state and municipality.

While billboards obviously aren't the only factor in the brand marketing conversation, they highlight the need for alternative marketing solutions to the challenges posed by this highly-regulated, ever-changing cannabis industry landscape.

Breaking through the noise

The cannabis industry has been forced to develop more sophisticated and alternative marketing techniques to compensate for marketing regulation.

The industry has adapted to build its own channels and get creative with existing ones, including <u>cannabis-friendly ad</u> <u>networks</u> and radio stations, <u>events</u>, organic social (which admittedly comes with its <u>own</u> <u>set of challenges</u>), and influencer marketing. But traditional advertising strategies are not the answer for a cannabis business looking to grow. There are too many restrictions, regulations, and potential for negative consequences involved. In the absence of the paid marketing tools that most industries can rely on, it's more important than ever to leverage a data-driven marketing strategy to optimize outcomes.We're going to share how you can better navigate the industry, and harness the right data to overcome the challenges ahead as you scale. This is how you create sustainable growth.

Interested in reaching new customers and driving more revenue in LeafLink? Boost your brand with LeafLink's Marketing Services and master your market with the <u>next generation of</u> wholesale cannabis analytics.

Chapter 2: Data-driven marketing for growth

Optimize your tech stack

Marketing tech that provides access to key data is the "secret sauce" for today's leading cannabis brands. Building a brand that will survive and thrive is contingent on being able to access important marketing and business intelligence, and taking action based on the data. This is the real difference between a mature cannabis brand and one that isn't quite there yet. Without a solid tech stack, it's nearly impossible to access and take action on critical data, so you can break into the next level of revenue and growth.

No cannabis business needs every tool, and not every solution will work for your business. But every successful cannabis business needs tools to connect with current and potential customers (consumers and dispensaries!), to collect customer data and make it accessible and actionable for your team, and to provide a centralized view of the competitive product and pricing landscape.

Build your data foundation

There are many types of data you should be looking at as you build your business. These include internal data which can include BI and other performance reporting (retention, lead generation, etc) -- your tech stack comes into play as you use those tools to capture and measure your own business data. In addition, you have market intelligence which comes from external data sources.

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Market intelligence is critical for identifying both opportunities and threats as you approach growing your business. For example, you need to know how many stores are in your target markets, and the products and categories that are popular there. Which dispensaries are buying your competitors' products, but not yours? Which categories are getting more popular and which are getting harder to sell? All of this data is essential to growing your business and if you don't have it, other brands are going to surpass you.

There are many vendors you can use for market data. As you evaluate them, look for providers who use first party data, are getting data based on actual transactions in your market, and have high market penetration. With a clear view of your business and the industry, you'll be able to spot the best opportunities for growth - and the areas where your business is at risk. it is for brands that advertise to be 100% on top of the latest regulations in their state and municipality.

Using data to drive expansion

Scaling doesn't only mean launching in new markets. Increasing your share of your current market is a great way to increase revenue, and typically involves fewer logistical, regulatory, and financial headaches. Start by finding the parts of the market you're not currently capturing. These could be product categories with more demand than supply or stores that aren't stocking your products today. The only way to find these gaps is to have access to the data.

Now that we've made it this far, it's time to do what every successful person has done before you – learn how to do it again and again and again. Developing a consistent strategy ensures that you're ready for every opportunity that comes your way.

According to the <u>2022 MJBiz</u> <u>Factbook</u>, the industry's total economic impact is anticipated to reach nearly \$158 billion by 2026.. To earn a larger share of that revenue, you need a plan that you can execute consistently and repeatedly over time.

Your strategy will differ from the next brand: how you'll approach

research and development, building retail relationships, and leveraging online and offline marketing tactics. Remember to iterate and try new things. When something works, add it to your strategy and soon you'll be well on your way to leveraging market insights for scale.

Reach new customers and drive more revenue with LeafLink's <u>Marketing Services</u> and the <u>next generation of wholesale</u> <u>cannabis analytics</u>.

Chapter 3: Leveraging Market Insights for Scale

Real-World Examples

Let's dig deeper to examples of how brands can leverage market insights for scale.

Say a flower brand looks around and says, "Hey, why don't I also sell pre-rolls?" They check out the pricing for pre-rolls in their state and wouldn't you know, the prices have been increasing like crazy over the past 3 months. Then they look at some competitive metrics and see that customers are buying way more pre-rolls even with the price

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increases, and no new brands have entered the market in a while.

This is what <u>Matthew</u> <u>McConaughey would call a</u>

"greenlight" – "the things in our life that affirm our way, they say, 'go, proceed more, please carry on." While you're not going to find opportunities like this every time you dig into the data, all it takes is one or two to make all the difference in whether your brand makes it, or falls by the wayside. Say you're a marketing manager for a cannabis brand and your CEO wants to know how your brand ranks in a given store across every category of product you sell; he also wants to know where each store ranks in the state. You panic. How would you even start going about getting that data?

Hopefully you established your tech stack and have that key market intelligence data right at your fingertips. You can prioritize sales and marketing efforts into the high-volume stores that aren't selling enough of your products yet.

Next, hone in on the stores that are selling a ton of products in your category, even in comparison to their overall high sales volume compared to other retailers. Add in some pricing analysis to narrow down the zip codes you should focus on and now your job security is looking really good – because you're delivering real value.

The Path Forward

Now you're probably asking, "So what's next?" Well, this guide has likely given you some ideas and actionable tips that you can use to accelerate growth – starting today. LeafLink is dedicated to helping cannabis businesses of all sizes grow, because when you grow, we grow, and the whole industry grows together. We want to see every cannabis brand get more customers, sell more products, and find sustained success.

This mission guides our business, our tactics, and certainly our product development. We developed our suite of real-time data and analytics tools to provide in-depth insights, so our clients can understand the competitive landscape, develop the right strategies, and set themselves up for sustained success.

In available markets, LeafLink's data and analytics tools work in conjunction with our full platform, also including LeafLink Marketplace, Payments, and Logistics. Together, LeafLink is the B2B commerce platform for cannabis of choice, managing 42% of transactions across the entire U.S. wholesale cannabis industry.

Hoping to learn more about the power of LeafLink full platform? Sellers, <u>request a demo</u> today and our team will show you how we can help you grow your business faster. Buyers, start using LeafLink for free today by <u>registering for your account</u>.