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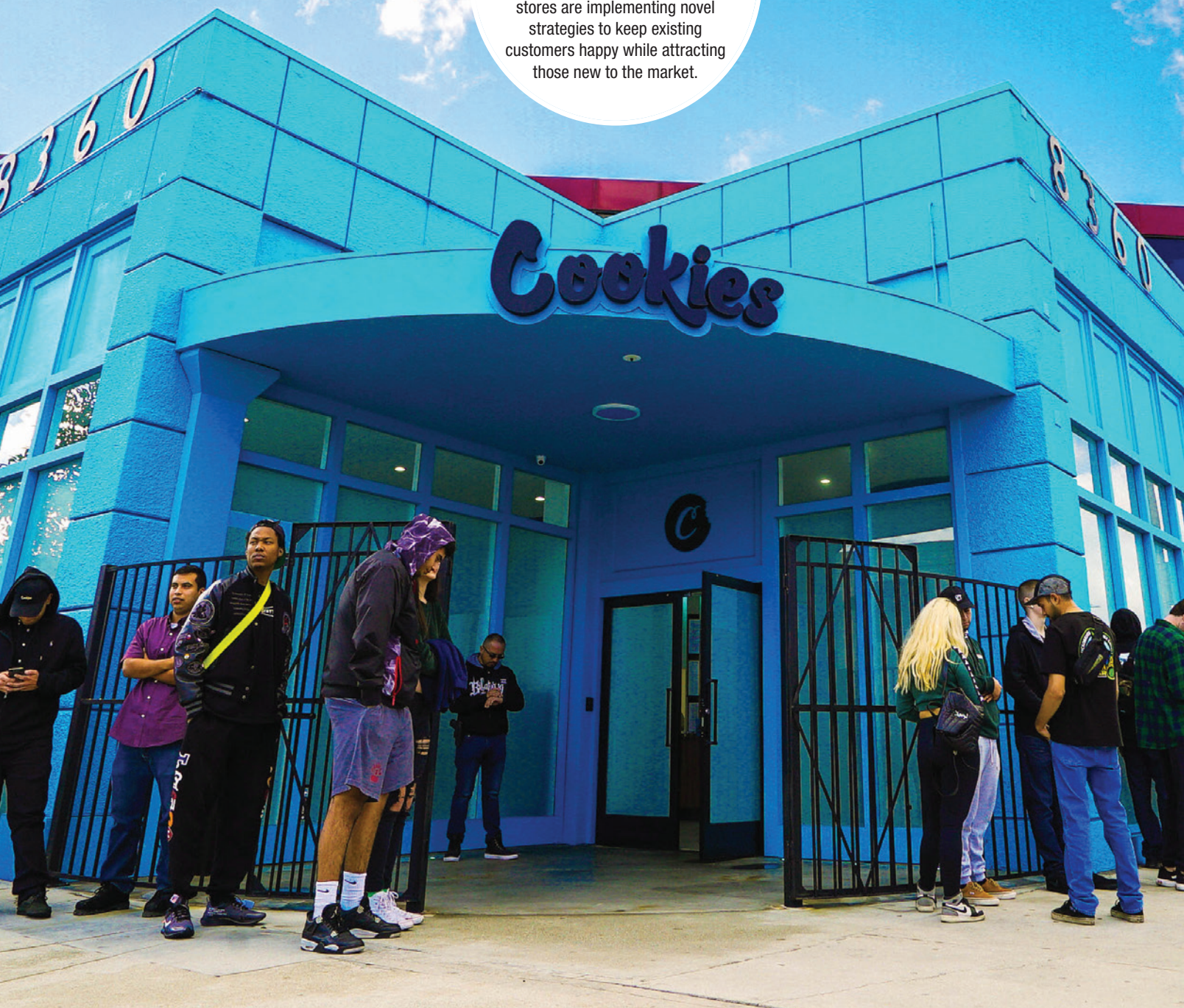


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Entertainers have a built-in consumer base for their cannabis brands, and they're cashing in on fan loyalty.







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## Judy Campbell



*Judy Campbell is founder and president at Campbell Consulting, launched in 1996 to provide strategic counsel encompassing public relations, digital communications, content creation, media training, and social media. The company shines a spotlight on brands and thought leaders in cannabis, craft beer, hospitality, food and beverage, blockchain, and software. The agency recently was nominated for the 2019 BoB (Best of Breed) Awards. [CampbellConsulting.com](http://CampbellConsulting.com)*

## Gary Cohen



*Gary Cohen is chief executive officer at Cova Software, a market leader in point-of-sale solutions. He drives the company's overall strategy, vision, and strategic development. Cohen leads seminars and delivers addresses about topics including compliance, retail technology, sophisticated business operations, cannabis banking laws, and building successful brands at some of the industry's largest conferences and events. [CovaSoftware.com](http://CovaSoftware.com)*

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*Bob Daino is chief operating officer for Acreage Holdings. Previously, he served as chief executive officer at Terradiol, president and CEO at Promergent, and president and CEO at WCNY Public Media, where he parlayed a unique business model into engagement in all fifty U.S. states and seventeen foreign countries. He also spent thirteen years in senior management roles at General Electric Company. [AcreageHoldings.com](http://AcreageHoldings.com)*

## Dr. Robert Flannery



*Dr. Robert Flannery is the first Ph.D. in the United States with technical training and expertise in commercial cannabis cultivation. His doctoral work at University of California, Davis, focused on plant biology with an emphasis in environmental horticulture and specific study in hydroponic crop optimization. Flannery is chief executive officer for Dr. Robb Farms, which cultivates cannabis and produces infused products throughout California. [DrRobbFarms.com](http://DrRobbFarms.com)*

## Pedro Haro



*Pedro Haro is executive director at HEALTH, the Hawai'i Educational Association for Therapeutic Healthcare, a private, nonprofit trade association serving Hawai'i's permitted patients and all eight of the state's dispensaries. The association works with patients, public health and law enforcement officials, medical professionals, legislators, and others to improve the lives of those who choose medical cannabis as part of their healthcare options. [808Health.org](http://808Health.org)*

## Kary Radestock



*Kary Radestock brings more than 20 years of award-winning print and packaging expertise to some of the top brands in the world. She launched Hippo Premium Packaging in order to fill a need for professional, compliant packaging, brand development, and graphic design for the emerging cannabis industry. [HippoPackaging.com](http://HippoPackaging.com)*





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# Women at the Top

SINCE ITS EMERGENCE, the legal cannabis industry has been inclusive. Age, body type, gender identification, ethnic or cultural background... Name a diversity marker, and it's represented in our community.

While the industry remains commendably diverse in some respects (minority business ownership not among them), one underrepresented segment surprised me. Department of Labor statistics indicate women compose 47 percent of the U.S. workforce. Yet, according to a recent survey by recruiting platform Vangst, only 38.6 percent of cannabis industry workers self-identify as female, ranging from a low of 12 percent in Texas to a high of 75 percent in West Virginia. Although the aggregate figure is higher than in traditionally male-dominated industries like construction (9.9 percent female) and agriculture (25 percent), it's deplorably low compared to fields like education (68 percent) and real estate (49.9 percent).

But wait! There's more, and it's truly appalling. Globally, women hold 24 percent of executive- or director-level roles. Even in the American tech industry's notoriously pro-bro culture, women occupy 20 percent of leadership roles. At the 166 cannabis companies Vangst surveyed across seventeen states, *women compose only 17.6 percent of senior leadership*. Males occupy the rest, or 82.4 percent, of the field. The vast majority of companies surveyed, 42.1 percent, claimed only one self-identified female as an executive; 12.8 percent employed no female execs at all.

The C-suite percentage is expected to skew even more toward men as the trend of corporatization, with its attendant importation of upper-level management, gains steam.

Based on Vangst's statistics, an assumption of gender bias would not be unwarranted. Not that any company is overlooking women intentionally, but subconscious bias is bias nonetheless. A lack of demographic—any demographic—parity harms not only the individuals directly involved, but also companies and the industry as a whole. According to a study by British business consultancy Grant Thornton, perspective, ideas, and ability to adapt to rapidly changing environments all increase when companies actively avoid homogeneity.

As an industry, we can be more inclusive. We *must* be more inclusive—not only at the top, but all along the scale. Diversity is strength, and we need to exercise.

Kathee Brewer



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# Louisiana Coroner Rules Death Caused by THC Overdose



**NEW ORLEANS** — A coroner claims to have discovered the first known THC overdose fatality. Medical and cannabis experts, however, widely disagreed with St. John the Baptist Parish Coroner Christy Montegut's conclusion.

Montegut's autopsy of a 39-year-old woman determined the deceased's organs were healthy, no other drugs or alcohol were present in her system, and no acute medical conditions existed. However, he noted in his report, the deceased's blood-level THC was 8.4 nanograms per milliliter, leading him to surmise THC intoxication caused the victim to stop breathing.

The decedent's boyfriend reported the woman had visited the emergency room three weeks prior to her death for treatment of a "chest infection." Doctors sent her home with over-the-counter medications.

Bonni Goldstein, M.D., a pediatrician who treats

conditions like cancer and epilepsy with cannabis medicines, strenuously objected to Montegut's ruling. "There is no known fatal overdose with cannabinoids," she said. "It is physiologically impossible, as there are no cannabinoid receptors in the area of the medulla oblongata [brain stem] that controls respiration. For many years, researchers, in their quest to find the lethal dose of cannabis, have given extremely high doses of cannabinoids to primates and have failed to kill them. It has been extrapolated that a human would have to smoke 1,500 pounds of THC-rich cannabis in fifteen minutes to die."

There is considerable disagreement about the THC blood level at which drivers should be considered impaired. In 2013, Colorado set the intoxication level at 5 nanograms per milliliter of blood. Indiana, Pennsylvania, and Rhode Island prohibit any THC blood level while driving.



# Industry Heavyweights Design Packaging for Anheuser-Busch Heir

**SAN DIEGO, Calif.** — Hippo Premium Packaging, Boveda, and Duallok collaborated with Adolphus Busch V to design new packaging for the Anheuser-Busch heir's cannabis company, ABV Cannabis Co.

The Hippo team designed the look and utility of the packaging, while Boveda engineered an integrated humidity-control packet. According to the collaborators, the boxes—which incorporate Duallok's award-winning, child-resistant packaging system—create “the perfect microclimate” for keeping ABV pre-rolls fresh.

“I was raised to believe the key to creating loyal customers is to offer products that are high-quality, consistent, and affordable,” said ABV founder and Chief Executive Officer Busch, the great-great-grandson of the legendary beer brewer for whom he is named. “I worked with the teams at Hippo and Boveda to create a unique packaging system that would ensure our products maintain their high quality, whether it was on the shelf for one day, one week, or one month.”

[ABVCannabisCo.com](http://ABVCannabisCo.com), [HippoPackaging.com](http://HippoPackaging.com), [BovedaInc.com](http://BovedaInc.com), [Duallok.com](http://Duallok.com)



## WEED MUSEUM POPS UP

Weedmaps' traveling pop-up experience Museum of Weed will pop up in Los Angeles in August and September as part of what the company hopes will become a national tour. Exhibits are experiential, educational, and Instagram-able.



## JOINTS LEGAL IN THE JOINT

Citing a conflict between state law and prison regulations, a California Court of Appeals overturned five men's convictions for possessing cannabis behind bars. However, the court noted, smoking or ingesting cannabis in prison remains a felony.



## FIRST TIME FOR EVERYTHING

After a three-month suspension for testing positive for cannabis use, pro golfer Robert Garrigus returned to the PGA Tour in June to show his best finish thus far in 2019. Garrigus was the first player in PGA history to be suspended for doping.



## New Products:



### JUNIPER PRE-ROLLS

Handcrafted from AAA flower organically grown on small-production family farms, Juniper's 0.3-gram, 0.7-gram, and 1-gram pre-rolls contain no trim. Strains include Thin Mint GSC, Trinidad OG, Orange Sherbert, and Gelato 41. Packaged in glass tubes of one or two and tins of five.

[JuniperGrown.com](http://JuniperGrown.com)



### PHILTER PHILIP

Philter Labs' new Phlip allows vapers and those around them to keep their heads out of the clouds. Insert a vape pen, inhale, then flip the device and exhale into the filter on the other end. The patented silicone filtering system is good for about 200 exhalations.

[PhilterLabs.com](http://PhilterLabs.com)



## Illinois Becomes 11th State to Legalize Rec Use

**SPRINGFIELD, ILL.** — In June, Illinois became the eleventh U.S. state to legalize recreational cannabis use and the first to legalize by legislative process instead of voter initiative. The Cannabis Regulation and Tax Act also “will clear the cannabis-related records of nonviolent offenders through an efficient combination of automatic expungement, gubernatorial pardon, and individual court action,” Democratic Governor J.B. Pritzker said. Convictions to be vacated must have involved thirty grams or less. The state expects about 770,000 people to be eligible for records clearance.

The legislation also includes provisions for priority licensing for minority-owned businesses and an investment of 25 percent of cannabis sales tax revenues in impoverished communities. Excise taxes vary between 10 percent and 25 percent, depending on THC content and product type. Medical marijuana is exempt from sales tax under Illinois's compassionate use act.

The adult-use law will take effect January 1, 2020.



### HITTING THE HIGH NOTES

Freaky fusion experimental rock band Umphrey's McGee partnered with Colorado-based cannabis producer MedPharm Holdings to launch an eponymous line of disposable vape pens. The pair of limited-edition products are named for the group's favorite composition, “Day Nurse/Night Nurse.”

43%

of U.S. adults who oppose legalization believe cannabis use is immoral.

(Source: Gallup)

90%

of the monthly average of 5,500 patients per dispensary make a purchase.

(Source: Flowhub)

\$6B

Total sales in Colorado since 2014.

(Source: Colorado Department of Revenue)

4,208%

Gain in jobs (3,788) in Pennsylvania during 2018, the largest increase in the U.S.

(Source: Leafly's “Cannabis Jobs Count” report 2019)

## Columbia Care Rolling Out U.S. Nationwide Credit Card

VANCOUVER, Canada — Columbia Care Inc. is rolling out a credit card that may be used at its licensed dispensaries in twelve U.S. states, Washington D.C, and Puerto Rico. The first-of-its-kind card functions much like a department-store-specific card.

While test-marketing the Columbia National Credit program at its New York dispensaries during the latter half of 2018, the company experienced an 18-percent increase in average per-purchase spend in addition to a “significant” increase in repeat visits and increased utilization of home delivery and automatic fulfillment services, according to Chief Executive Officer Nicholas Vita.

Applying for a CNC card is quick and easy: Consumers fill out a form online or in a dispensary, and in many cases receive an answer within minutes. If approved, they may use the credit card immediately. The cards carry no annual fee, and no interest is charged on balances paid on time. Interest accrues at a 15.99 annual percentage rate—well below the average national APR of 17.73 percent—on balances carried forward. Other benefits include discounts, invitations to special events, and advance notice of new product introductions. The company may establish a cash-back affinity program.

The program expanded to Delaware, Pennsylvania, Illinois, and Arizona during the first half of 2019. The company plans to make the program available at all Columbia Care locations nationwide by the end of 2019 and is evaluating partnership opportunities with other dispensary operators.

[ColumbiaNationalCredit.com](http://ColumbiaNationalCredit.com)



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## Knowledge is Power

Canada's largest drugstore chain, Shoppers Drug Mart, is pilot-testing a blockchain solution for track-and-trace accountability. A "digital ledger" like the system used by cryptocurrencies will allow all 1,300 stores, labs, licensed producers, and patients to view, in real-time, genetics, provenance, quality, and shipment information.

## ALL IN THE FAMILY

Massachusetts state police charged brothers Wai and Aibun Eng with multistate drug trafficking and money-laundering after discovering \$300,000 in cash, more than 100 pounds of illicit cannabis, packaging paraphernalia, and more than \$27,000 in casino chips at properties in four states.

## OOOPS!

Prosecutors in Tarrant County, Texas, dismissed cases against 235 people charged in June with misdemeanor marijuana possession after realizing the state has no laboratories capable of differentiating between cannabis and hemp. The governor signed a hemp legalization bill June 10.



## No More Drug Tests in Nevada

A new Nevada law prohibits employers from rejecting job applicants who test positive for cannabis use. The law does not apply to prospective federal employees, firefighters, emergency medical technicians, law enforcement officers, or anyone else whose use "could adversely affect the safety of others."

## GEORGIA STOPS PLAYING AROUND

Medical marijuana became easier to obtain in Georgia July 1. Previously, the state allowed residents to use THC oil for seizures and other serious conditions but did not allow production of the oil within state boundaries.



## NFL PLAYER SUSPENDED FOR RULES VIOLATION

The New Orleans Saints suspended David Onyemata for the season opener after police cited the defensive tackle for possessing marijuana and cannabis oil. The Jefferson Parish Sheriff's Office said it received an anonymous tip about a package from New York, but the amount of the substance inside didn't warrant distribution charges.



## WV: EDUCATION, MJ DON'T MIX

West Virginia will pay for students with good grade point averages to earn an associate degree or trade certificate, but there's a catch: Students must test drug-free at the beginning of each semester. THC and opioids are among the prohibited substances.







## \$1M in Arizona Cannabis Funds Misspent

**PHOENIX** — A recent audit determined the Arizona Department of Health Services misspent nearly \$1 million in cannabis revenues. The audit also discovered the department had failed to develop written policies and procedures for use of the Medical Marijuana Fund (MMF), which by law is to be used only for administrating the medical cannabis program.

According to *Arizona Capitol Times*, the Auditor General's Office reviewed 65 transactions, or less than 1 percent of the total number of MMF transactions accomplished during fiscal year 2018. Of those, thirty—totaling \$962,000—were allocated to expenses outside the medical cannabis program. The expenditures included \$131,000 in salaries for two employees who worked for other programs.

The Medical Marijuana Fund is financed by fees collected from dispensaries and patients, civil penalties, and private donations. No tax dollars enter the program's coffers, and "monies do not revert to the general fund," the law states. Though much of the fund sits unused, according to *Phoenix Business Journal*, reallocating finances would require action by the legislature.

DHS Director Cara Christ told *Arizona Capitol Times* the spending issues resulted from sloppy recordkeeping.



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# The State of Legal Cannabis Markets

Insights from Arcview Market Research and BDS Analytics'  
*The State of Legal Cannabis Markets, 7th Edition*



Total legal cannabis spending in regulated dispensaries in the U.S. topped \$9.8 billion in 2018 and is forecast to grow to \$30 billion in 2024, a compound annual growth rate of 20%.

## THE WORLDWIDE MARKET



Two events in 2018 revolutionized what is quickly becoming the "Total Cannabinoids Market" (TCM): FDA approval of GW Pharmaceuticals' Epidiolex and the Dec. 20 passage of the Farm Bill, legalizing hemp in the U.S. It is forecast that the TCM—including the legal sales of cannabis and CBD in state-regulated dispensaries, pharmacies, and general retail outlets in the U.S.—will soar to \$44.8 billion by 2024.

## U.S. EXPANSION



By 2024, every U.S. state, Washington D.C., and four U.S. territories will have active medical cannabis programs. In addition, 20 states plus Washington D.C. and two U.S. territories will have active adult-use markets.

## CBD EXPLOSION



Pharmacies and general retailers are now in the business of selling CBD, "the other cannabinoid," creating new levels of competition for the cannabis dispensaries that introduced the compound to consumers.



In the Orwellian doublespeak of Washington, there has never really been a "legal cannabis market" all these years. Only FDA rule-setting will act as a starting gun for the creation of a Total Cannabinoid Market.

Tom Adams

Editor in Chief, Arcview Market Research

Managing Director of Industry Intelligence, BDS Analytics

## CANNABIS INVESTMENTS



Investment capital raised by cannabis companies grew four-fold to \$14 billion in 2018, according to Viridian Capital Advisers.

## U.S. Legal Cannabis Markets

Top 10 States Forecasted  
 2024 Legal Spending

State	Legal \$*	Pop.*	\$ Per Capita
1 CA	\$7,231	42.0	\$172.08
2 CO	\$2,049	6.5	\$312.96
3 FL	\$1,898	22.5	\$84.34
4 NY	\$1,656	20.1	\$82.40
5 MI	\$1,483	10.0	\$147.68
6 AZ	\$1,472	7.8	\$188.06
7 NV	\$1,408	3.4	\$415.57
8 WA	\$1,271	7.8	\$162.59
9 MA	\$1,206	7.1	\$169.85
10 IL	\$1,141	12.6	\$90.60

\*in millions



This infographic was created  
 exclusively for *mg Magazine* readers

Learn more at  
[bdsanalytics.com](https://bdsanalytics.com)

These insights and more are available in *The  
 State of Legal Cannabis Markets, 7th Edition*

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## EVENTS

# AUGUST EVENTS

*The following is a list of select industry events taking place this month.*

### CANNAFARM CON AUGUST 1-2

*Paradise Point Resort & Spa, San Diego*

Designed for those in the specialty cannabis farming spectrum, CannaFarm Con will offer tangible ideas and practical applications for all areas of cannabis agriculture from pre-production to post-harvest. Exclusive content and keynote speakers will appear alongside vetted exhibits and interactive experiences.

**CANNAFARMCON.COM**

### INDO EXPO AUGUST 3-4

*Portland Expo Center, Portland, Oregon*

More than 400 exhibitors and 10,000 attendees in the cannabis and hemp industries are expected to attend this full-spectrum trade show focused on building B2B relationships. Exhibitors include companies, brands, and product lines from every vertical in the industry. Limited complimentary admission for industry professionals.

**INDOEXPO.COM**

### HEMP-CBD SUPPLEMENT CONGRESS AUGUST 15-16

*Crowne Plaza, Denver*

Presented by the American Herbal Products Association, this two-day conference attracts manufacturers and marketers of dietary supplements. Presentations will include Food and Drug Administration and Department of Agriculture updates; legal, regulatory, and financial experts will help attendees navigate the constantly shifting landscape.

**AHPA.ORG**

### HEMPFEST SEATTLE AUGUST 16-18

*Myrtle Edwards Park, Seattle*

Celebrating its twenty-eighth year, this "protestival" focuses on policy reform, free speech, and political activism. Hempfest has influenced regional and national public policy and is an economic generator in its community.

**HEMPFEST.ORG**

### CANNAGROW EXPO AUGUST 17-18

*Palm Springs Convention Center,  
Palm Springs, California*

Open to adults age 18 and older, CannaGrow intends to help growers, grow managers, extractors, and enthusiasts explore cultivation

technology, tools, and techniques. More than thirty-five educational sessions and an expo hall containing more than 125 booths will be part of the action.

**CANNAGROWEXPO.COM**

### WESTERN US HEMP CONFERENCE & EXPO AUGUST 18-20

*Red Lion Hotel on the River,  
Portland, Oregon*

The first of what organizers hope will be an annual event will bring together speakers, vendors, and attendees who are actively looking for a B2B environment that will spur growth in the industry. Attention will focus on resource conservation and profitable product production.

**USHEMPXPOS.COM**

### BIG INDUSTRY SHOW AUGUST 22-23

*Miami Beach Convention Center, Miami  
Beach, Florida*

Smoke shop, vapor shop, dispensary, and cultivation shop owners, managers, and buyers attend to showcase and purchase products from across the country. Open to anyone with a business connection to the recreational cannabis industry, the show covers more than 100,000 square feet of floor space.

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# The Highs and Woes of Medical Cannabis Reciprocity

*A national reciprocal regulatory scheme would benefit patients who travel.*

**M**ore than two million Americans turn to medical cannabis to help them manage debilitating diseases, chronic pain, post-traumatic stress disorder (PTSD), and other conditions, according to 2018 statistics. In recognition of that reality, sixteen states and the District of Columbia have sought to make medical cannabis and derivative products more accessible, not only to their residents but also to those visiting from out of state. States with reciprocal programs permit cardholding patients from other states to purchase and possess cannabis for medical use.

Unfortunately, not all legal medical cannabis states have out-of-state patient programs, and there are discrepancies among those that do. Until all states adopt a consistent program of reciprocity featuring a simple application process, reasonable fees, and timely approvals, patients will suffer without proper access to the medicine they need while traveling.

Currently, the use of cannabis for medical purposes is legal in thirty-three states, four territories, and Washington, D.C. Several of these states also have legalized cannabis for recreational use, including Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, and Washington. Illinois recently joined legalized adult recreational states that permit adults over age 21 to enter a dispensary with valid government-issued identification and purchase the products up to that jurisdiction's legal limits.


In recent years, more states that prohibit adult recreational use have passed legislation to allow out-of-state medical patients to possess and consume cannabis and cannabis products

while visiting. These states include Arizona, Arkansas, Hawai'i, New Hampshire, Oklahoma, Pennsylvania, and Rhode Island. Each state established its own regulations and purchase limits for medical cannabis. Certain states restrict possession, purchase limits, and consumption more than others. These convoluted and evolving rules and regulations can make things unnecessarily difficult for traveling patients, many of whom are coping with geriatric conditions.

Some states allow patients to use medical cannabis credentials issued by their home state, while others require visitors to apply for a temporary out-of-state patient (OSP) card or to complete a visiting patient form. Some have sought to modernize the process and make it simpler for visiting patients. One example is Hawai'i, where the department of health launched an electronic program in March 2019 allowing out-of-state patients to apply for a 329-OSP card online up to sixty days prior to arriving in the islands. Approved patients may download and keep their cards electronically on their smartphone or tablet to enjoy the same access and legal protections as state residents for two months. Although Oklahoma also offers an online application and Arkansas is in the final stages of developing one, the cost for securing temporary patient credentials in those states is twice as much as Hawai'i and credentials are valid for half as long.

Sadly, some states prohibit out-of-state patients from entering medical cannabis dispensaries to replenish their supply. For example, patients visiting Arizona and New Hampshire are allowed just one dispensary visit; they may not purchase more medicine should they run out. In Rhode Island, out-of-state patients may buy medical marijuana with two government-issued IDs, but they must previously be in a state database that tracks sales.

Patients who travel for business or leisure would benefit from nationwide regulatory standards that support accessibility, modernization, and ease for Americans who choose to use cannabis as part of an integrative health program under the direction of their medical practitioner.

Until such a system is implemented, patients must navigate ambiguous, inconsistent regulations, high costs, and out-of-date processes that create barriers between them and products that bring them relief. 



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# At Moe Greens, What's Old is New Again

San Francisco's newest cannabis lounge and dispensary juxtaposes nostalgia and high tech.

**M**oe Greens is a standout in a California city known for standouts. The mid-century luxe space in San Francisco is a feast for the eyes—and a trip down memory lane.

Wanting to create an ambiance that his great-grandparents would have enjoyed, founder and Chief Executive Officer Nate Haas decked out the dispensary and consumption lounge in vintage diner splendor: weightless finishings, large-paned glass, exposed brick, lots of brass, classic cherry-red bar stools, and shiny green leather booths. “We paid a lot of attention to balance and detailing, because the visual aesthetic is a big part of the lounge experience,” Haas said. “I think that’s one of the things that makes us unique. It’s a nod to post-[World War II], pre-Summer-of-Love, ring-a-ding-ding San Francisco.”

The experience starts with the lobby, decorated in clubby, velvet-rope style. Haas chose to install a lobby not just to help customer flow, but also create the impression guests are about to enter a special place. Moe’s is in a trendy part of town, on Market Street, the main artery that snakes through the hustle and bustle surrounding the civic center, City Hall, and Twitter and Uber headquarters. The “dope” avocado-hued booths, custom made by B&L Seating, set a mid-twentieth-century throwback aesthetic, transporting customers into another era. “The booths are actually a











*The retail sales counter displays the shop's signature design elements.*

**“This is a renaissance time for cannabis. We may look fancy, but we’re all things to all people.”**

throwback to when we were kids and our parents would take us to classic San Francisco restaurants,” Haas said. “We would be sitting in the booths at these restaurants getting our sugar high on from the Shirley Temples. We wanted to recreate that formative time from our youth, and our custom avocado-green booths are our best attempt to try and build that same aesthetic.”

In fact, Haas even broke out the old family photo albums for inspiration. At the same time, he realized the shop should balance vintage with what’s happening now in San Francisco—and that’s high tech. “Our WiFi is strong and secure, and we have charging ports at every booth,” he said. “You can literally work from here. This is a renaissance time for cannabis. We may look fancy, but we’re all things to all people.”

Haas is no stranger to cannabis retail. In 2013, he and his team opened Barbary Coast Dispensary on Mission Street, a speakeasy-style lounge that evokes an old saloon. The spot quickly became a must-visit destination, known as much for its design as for the attentive staff. Having endured the trials and errors of that launch, Haas had a clearer vision for what he wanted Moe’s to be. Intoxicating liquor tops the list of things Moe’s won’t tolerate: Alcoholic beverages are not allowed inside, and those who appear to be inebriated may



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*Patrons may consume concentrated cannabis extracts in The Vault.*

be asked to take a breathalyzer test. "If you can't drive, you probably shouldn't be in here," said Haas.

Moe's sells only medicated food and drink but allows patrons to bring in sandwiches, pizzas, and other munchables. The dress code is eclectic: Although most customers wear casual or business attire, Haas said older ladies and gentlemen dressed to the nines frequently stop in on their way to or from a nearby opera or art exhibition. "We have a sort of litmus test [for behavior and attire] here," Haas said. "We want [to maintain] a place our own mothers would be comfortable at." In fact, his mom visited on opening night and gave her approval of the décor and environment.

Combining lounge and dispensary called for some clever sectioning. The dispensary is a vital part of the business, but the main showcase and bigger part of Moe's is the consumption lounge, which is broken down into three areas: The Playground, The Vault, and The High Roller room. The Playground is the largest space, dedicated to vaping and limited smoking. That's the room with the most USB outlets. The space incorporates an HVAC system that constantly pumps in fresh air to keep consumers and their equipment free of tell-tale marijuana smell. The Vault is a dab lounge staffed at all times with dabtenders who help customers and disinfect and clean rigs. In The High Roller, people may





A person wearing a brown leather jacket and blue jeans is shown from the waist up. They are holding a Firefly 2+ vaporizer in their right hand, which is partially inside their jacket pocket. The vaporizer has a wood-grain finish and two circular buttons. The person is also wearing a gold ring and a gold braided bracelet.

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*The High Roller room is for those who prefer to light up.*

**“We paid a lot of attention to balance and detailing because the visual aesthetic is a big part of the lounge experience. It’s a nod to post-[World War II], pre-Summer-of-Love, ring-a-ding-ding San Francisco.”**

consume more traditional combustibles and smoke flower. “We provide all the weaponry—papers, grinders, bongs, pipes—so you can relax in style,” Haas said.

The floors, custom terrazzo by Associated Terrazzo, are old-school cool. They mesh seamlessly with exposed brick original to the early-1900s building. “We’re very lucky to show off the original bones of this place,” Haas said. Workmen added kitschy gold wallpaper to give the overall color scheme some punch.

Haas and his team selected Jonathan Adler Sputnik ceiling lights that ever so slightly reflect the wallpaper and discreetly catch the sparkle in the floor. The chandeliers appear to be floating from the ceiling. “This time period we’re referencing is right in the middle of the Space Race,” Haas said, “so you’ll notice lots of star- and planet-shaped elements.” To tie everything together, the team added mid-century Douglas fir wood paneling—but there’s no art on the walls. “We’re doing simple,” Haas said. “All-natural beauty...having the space itself be the art.”

The biggest challenge, said Haas, was determining how to display product without intruding on the “curated experience” Moe Greens wanted to convey. The solution: Have budtenders perform somewhat like waiters. “We want to assist seasoned smokers who know exactly what they



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want, and we want first-timers to feel safe and confident in their choices," he said. "And we still want patients to have access to effective medicine."

The menu includes an extensive selection of trendy infused products from Bloom Farms, Big Pete's, Care by Design, Mary's Medicinals, California Dreamin', Terra, and Kiva, among others. In extracts, Moe's offers everything from Beezle to Gold Drop to Fire King and Heady. But it's the flower selection for which Moe's has become especially well known. Customers enjoy not only a long list of traditional favorites but also hard-to-find strains like Caviar Moon Rock's Rad Berry, Fog City Farms' Clementine, Flow Kana's Orange Creamsicle, and Highness Gardens' Purple Urkle. Moe Greens branded merchandise is available, too: hats, bongs, dab caps, T-shirts and blankets, all of which Haas suggested make good gifts.

The uncommon convergence of past with present, retail with lounge, apparently struck a chord. "Business is booming," Haas said, "and we get as many tourists as we do locals. Cool, huh?" **—Rob Hill**

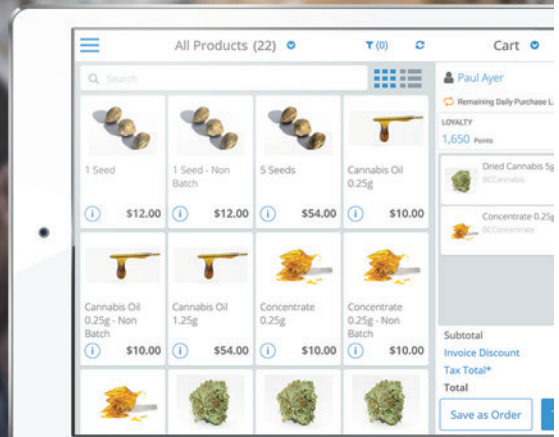
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# DE- CODING

## THE CANNABIS CONSUMER

Understanding both new and veteran consumers is key to increasing sales.

**F**or an industry that was born in backwoods and back rooms across the United States, it didn't take long for cannabis to become a full-fledged, marketing-savvy retail machine. One Las Vegas dispensary boasts interactive LED floors and an in-house pizzeria; Portland is home to twice as many weed shops as liquor stores. Across the country, dispensary menus are bursting with everything from designer vape pens to weed-infused beauty products.

As the cannabis supply chain evolves, brands, distributors, and dispensaries all are trying to keep pace with a consumer market growing at breakneck speed. Brick-and-mortar stores and delivery operators are in stiff competition for new customers, trying to balance the needs of new shoppers and veteran users who may be looking for completely different products but always are looking for a good deal. Using new software tools and platforms, retailers are starting to build profiles of both groups in a race to better understand and target their customers. In search of the right formula, they're investing in tried-and-true methods including influencer marketing and loyalty programs, but also are implementing newfangled technology platforms that reach millions of customers, building detailed profiles of shopping habits along the way.

As much as the retail side of the industry has grown over the past few years, we've only scratched the surface of what's to come.





*Cookies on Melrose in Los Angeles.*

### REELING IN NEW CUSTOMERS

"The industry is going through a transition with the rise of sophistication and professionalism in technology and manufacturing," said Lily Colley, a marketing and business development consultant who has worked with some of the top brands in the cannabis industry, including Dixie Brands, incredibles, Acreage Holdings, and Kalyx Development. "So, what we are starting to see is a divide between the old ways and the new frontier, and sooner than later the consumer who has been questioning the trust factor will start to believe in specific brands and retailers and embrace the experience."

To develop their marketing, merchandizing, and product development plans, cannabis brands first must understand their core customers along with the new mainstream consumers. Whereas a weed enthusiast makes buying decisions based on factors such as growing or processing methods and terpene/cannabinoid profiles, new users may go for slick packaging, celebrity endorsements, or simply the best bang for the buck. Regardless their preferences, one thing all customers care about is finding brands they can identify with and trust. Those brands soon become their go-to brands—and all of them have an opportunity to become the Marlboro, Budweiser, or Johnson & Johnson of the cannabis industry.

In response to the fickle tastes of new consumers, brands and retailers are going to great lengths to analyze their consumers' buying habits. If young women are purchasing more vape pens than flower and customers 55 and older are the fastest-growing cannabis consumer group, how do brands use this information to position their products to reach the diverse demographics?

"Up until now, retailers have been the ultimate gatekeepers and the direct communication with consumers because of the limits on advertising," said Colley. "But savvy brands have leveraged influencer marketing and [public relations], and when consumers read about a brand from authorities, that's what they start to believe. Some people poo-hoo social media, but it's an important tool and you won't have a successful brand without it."

One marketing tactic cannabis companies have developed is presenting products meant to provide specific sensations, such as vape pens that "calm," offer "bliss," or "arouse." In a recent report, BDS Analytics and Arcview Market Research predicted a 13-percent increase in concentrates and vape pens and a 14-percent reduction in flower sales between 2017 and 2022.

Convenience is another major factor in the cannabis marketplace. Half of cannabis consumers say their purchase decisions are influenced in a big way by the convenience of the consumption form.

Findings like these underscore the importance of investing in data collection and analytics that allow companies to drill down into customers' preferences and buying habits. Colley advises her clients to invest early and often in budtender education, strategic marketing, and partnership agreements with retailers. All can pay big dividends in customer loyalty.

As a new breed of consumers enters the market and find themselves overwhelmed by countless flower, extract, and edible options, budtenders are a critical cog in the cannabis retail ecosystem. The fact is not lost on brands and distributors, who go to great lengths to forge relationships with the folks on retail's front line, who provide hundreds of recommendations every day that might make or break a brand.





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—Robert Weakley  
co-founder and CEO, Indus Holdings Inc.

#### 420 MEETS THE 7-10 SPLIT

Those looking for a symbol of the cannabis industry in 2019 need look no further than their local bowling alley. Indus Holdings and its California distribution wing have been sponsoring budtender bowling teams across the state to meet up, check out new products, and let the good times roll. It may not be the country club, but baby steps are appropriate for an industry that, not long ago, held most of its important meetings in hotel rooms, danky warehouses, and barns.

Headquartered in Salinas, California, a hotbed of canna operations, Indus Holdings Inc. has acquired a portfolio of brands and built cultivation, manufacturing, and production facilities in California, Oregon, and Nevada. Its distribution wing supplies more than 500 dispensaries in California alone, and co-founder and Chief Executive Officer Robert Weakley said the bowling teams the company sponsors are an entertaining way to build and maintain relationships with retail partners.

"It's fun to get budtenders out there, meet them, share product and marketing materials, and have informal conversations," said Weakley. "Budtenders still make most of the decisions on

buying, and users who don't have as much experience will ask them, 'Hey what do you like and recommend?' We don't have access to full-page [consumer] advertising or Facebook ads, so we rely on budtenders to educate people."

Beyond schmoozing, cannabis brands, distributors, and retailers across the U.S. are using new technology platforms, data analytics tools, and loyalty programs to gain a better understanding of customers' buying behaviors.

With a variety of new software platforms from which to choose—Jane Technologies' IHeartJane.com, Lucid Green, and Muncieez, to name a few—retailers and vendors are gaining new, targeted insight into their customer bases, identifying buying trends, and building customer profiles using precise analytics based on the same type of marketing intelligence brands in other markets have employed for decades.

These platforms are becoming their own ecosystems, removing the budtender as a gatekeeper while incentivizing customers to educate themselves. They're also collecting data on consumer preferences and product offerings. Muncieez, for instance, connects customers to cannabis brands and retailers. The software is built around the Muncieez Media Network,





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*Planet 13 Las Vegas. Design concept by Rickety Cricket / Pure Coffee.*

Muncheez.com, and the Muncheez app, which work in unison to drive customers to the cannabis brands and retailers that sign up for the service. The software also provides business tools for demand generation, customer acquisition, digital marketing, local search, and couponing.

“We’re building a system that’s brand-to-sale technology with programmatic advertising and provide reach to consumers on a broad level, targeting users between 25 and 75 [years old] with a platform brands, consumers, and retailers can trust,” said co-founder and Chief Executive Officer Sheldon Owen. “A CBD brand might want to know if there are people in Northern California buying more vape pens over edibles or more topicals versus tinctures. That type of product information is valuable to brands. It helps them decide to scale up or down and provides other insights to help make better processing decisions.”

Hannah Davis is chief marketing officer for Los Angeles-based Mammoth Distribution, which specializes in vape products for the California market. Mammoth recently signed a deal with Jane Technologies to promote one of its top brands, Heavy Hitters. Now, when consumers go to the Heavy Hitters website, they can find all the stores where the products are available and order for pickup or delivery. “For us, it’s a new way to connect directly to consumers,” she said. “Currently, there is no ecommerce situation in the industry, so the data is always secondary and we have to ask retailers to get data back to us. But through IHeartJane.com, we’ll have access to understand the type of people buying our products and the related basket data.”

Owen said, “Retailers want to give their customers menu options that are tailored to their purchasing habits, and data and intelligence can fulfill both philosophies for brands and retailers.”

## CANNABIS SUPERSTORES

With about 16,000 square feet of retail space, Planet 13 in Las Vegas is a touch bigger than the average cannabis dispensary. When it expands later this year, the dispensary will add a pizzeria, café, and event space that will consume another large chunk of the 112,000-square-foot building. With more than 100,000 customers dropping by each month, Planet 13 is creating an entertainment complex that will rival some casinos on the nearby Strip.

In true Vegas over-the-top style, the display floor is tricked out with glowing sculptures, sensor-activated LED floors, interactive laser graffiti, and 3D displays. With NuWu, Jardin, and Planet 13, Vegas boasts a trifecta of cannabis superstores that are simultaneously refined and splashy.

“With this second round of states coming into retail, we’re going to see much bigger and more sophisticated stores,” said business development consultant Colley. “Planet 13 looks like any other crazy retailer in Vegas. With its interactive floor and giant fountain out front and experiential shopping, it’s like walking around a jewelry store. They are even paying taxi drivers \$15 cash for dropping off tourists. It highlights that new retail operators are financed in a serious way and have investors to answer to with major war chests and best practices.”

David Farris, director of marketing for Planet 13 Holdings, said customers spend an average of \$90 per visit—twice as much as at some other cannabis shops in Sin City. He attributes the store’s success to the time and effort spent designing Planet 13 for a more elegant, entertaining experience that keeps shoppers hanging around. “Some people like to shop on their own, whereas others like to spend thirty minutes with a budtender, and we cater to both,” he said.



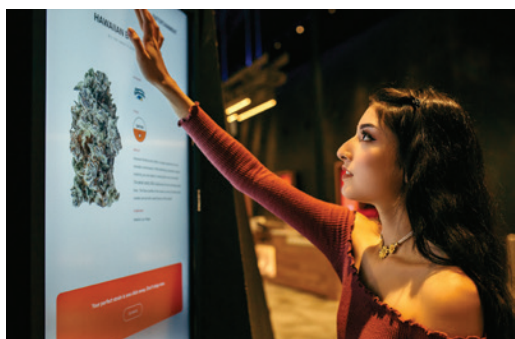
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“What was normal before was white boards where you checked out a 7-11 style menu, but we’re getting away from that with more direct communication with the customers,” he continued. “We help them try new things and get a more hands-on and immersive experience instead of just standing in line and pointing at letters on a wall.”

When most cannabis companies talk about building a vertically integrated company, they mean starting up a grow and opening a store to sell the resulting flower and concentrates. But for Cookies, the San Francisco-based brand built on the back of its genetics, lifestyle brand, and hip-hop celebrity founder Berner, creating a vertical has been a more comprehensive process.

Parker Berling, president of Cookies California, compares the customer experience at Cookies shops to what Nike has done with its Niketown stores across the U.S. “At most cannabis shops, you’re handed a menu and then a sealed bag for the products, whereas at our Melrose store (in Los Angeles) you see people huddled around with all these flower strains on a table, and they are having this intimate experience with the product. The

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## RETAILERS WANT TO GIVE THEIR CUSTOMERS MENU OPTIONS THAT ARE TAILORED TO THEIR PURCHASING HABITS, AND DATA AND INTELLIGENCE CAN FULFILL BOTH PHILOSOPHIES FOR BRANDS AND RETAILERS.

—Sheldon Owen, co-founder and CEO, Munchiez

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percentage of customers at Melrose that are coming from out of state is mind-boggling, so it’s really becoming a destination for our fans.”

Soon enough, customers won’t have to fly to L.A.: The company is expanding its footprint to a dozen markets across the U.S. and internationally. “Because we are a brand based on genetics, we have to find a partner we feel can produce our products, and then the retail follows,” Berling said. In June the company announced a partnership with Maryland’s Culta brand, which will be the exclusive cultivation, manufacturing, and distribution partner for Cookies throughout the state. As Cookies expands, staying focused on customers and their evolving tastes will be a core focus.

“Part of the dream of this company and this industry is we have this incredible opportunity to collect consumer data and build rich customer profiles,” said Berling. “We know who our consumers are, and with that data we understand what their preferences are and what the mix of products being bought are. That 100-percent drives our product strategy and what we focus on.”

### BRAND-BUILDING 101

Research firm BDS Analytics reports brands are beginning to dominate markets in every state. “Brands that are building loyal fan bases and producing quality products that deliver on promised physio- and psycho-experiences are excelling,” according to the company. In particular, concentrates, edibles, and topicals are big sellers. “In Colorado, Oregon, and Arizona, the top five



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edibles brands in each state own more than 40 percent of the market, and the story is the same with concentrates,” a recent BDS report revealed. “And individual brands have the potential to achieve explosive growth. Sales for one brand in Oregon rose 19,179 percent between 2016 and 2017.”

Whereas dispensaries once bought products of all types from producers and slapped their own logos on packages, today’s operators use sophisticated marketing techniques—often borrowed or adapted from similar industries—to create slick brand images and identities with inspired approaches to design, packaging, and advertising. Of course, creating a winning design is only one component of the game, and brands that want to excel must parlay marketing efforts into sales.

“There is starting to be a lot of data produced in the market for the first time, and historically that was one of biggest complaints,” said consultant Colley. “So now we have all this data, but how to use it is what is hard. Some of these technology platforms focused on retail disruption will be companies that get their real value in presenting data so it’s digestible and actionable and drives sales.”

Planet 13’s Farris said his company has evaluated different software platforms, but issues of compatibility with point-of-sale software often arise. Planet 13 is taking a wait-and-see approach. “Our in-house systems are pretty robust, so we can pull data to better understand our customer base and see what they are buying and where they are from,” he said. “It’s hard when you run marketing campaigns to see if those campaigns are working or not. We’ve seen a lot of people from the Santa Ana area in our store, so that went into our decision to locate our new store there.”

### IS PAY-TO-PLAY A WINNING BET?

Some companies jump-start their brands by using a tried-and-true marketing device used in many other industries where products with similar profiles compete for customer loyalty and product placement becomes a key consideration. About half the dispensaries in California now require “slotting fees,” or payment for shelf space. The pay-to-play environment gives brands that can afford the expenditure prime placement and additional marketing support in the retail environment.

“Generally, everyone in the industry is open to [slotting fees], and that’s the direction it’s going,” said Mammoth Distribution’s

Davis. “Sometimes the fees are really high, so it’s a ‘no’ for us. But it’s [a return-on-investment] equation. If [paying slotting fees] is going to be beneficial to our sales—and we have seen that—then most of our brands are good with [paying the money].”


Beyond educating budtenders about the nuances of a brand and its products, some slotting fee arrangements guarantee prime product placement in the store and other forms of direct promotion and marketing, such as providing customers with an iPad loaded with a distribution company’s brands and featured products.

“As consumers are walking into the store, they often don’t know what they’re shopping for,” said Davis. “We want to guide that decision-making and help them find the best product for their needs. We have certain retailers where we do slotting fees, but we prefer to work on larger partnerships, stuff like exclusive products or making sure they are first to get new strains coming out. We might pay to place in a store, but we also want to make sure it’s a mutually beneficial relationship that helps them become more profitable.”

Weakley echoed this sentiment, saying Indus tries to negotiate more creative partnerships that go beyond the scope of slotting fees. When Indus sales agents visit dispensaries, they promote their “Sweet 16”—sixteen brands the company wants every dispensary to carry and give prime placement.

“We really like to supply retailers with marketing support, whether that’s patient appreciation days or other incentives to buy products,” said Weakley. “With slotting fees, the problem is [consumers] don’t understand them, so we prefer collaborations that help grow both businesses versus just writing a check each month to carry our brand. We want to make sure we have strong partnerships moving forward versus a short-term aisle-cap-type play.”

In the past few years, Weakley said, the widespread legalization of cannabis, combined with the push for more sophisticated marketing, has drawn mainstream professionals who just a few years ago would have scoffed at the idea of working in cannabis.

“A few years ago, if you were trying to get a [consumer packaged goods] executive to run a cannabis company, they would have said ‘you’re crazy,’ but now we get phone calls all the time,” he said. “So, having these executives thinking through how stores are laid out and how brands are built, it’s a great time to be in the industry and watch it really take shape.” 



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# Enlighten and the Internet of Things

*Integrating hardware and software offers dispensaries and brands new opportunities.*

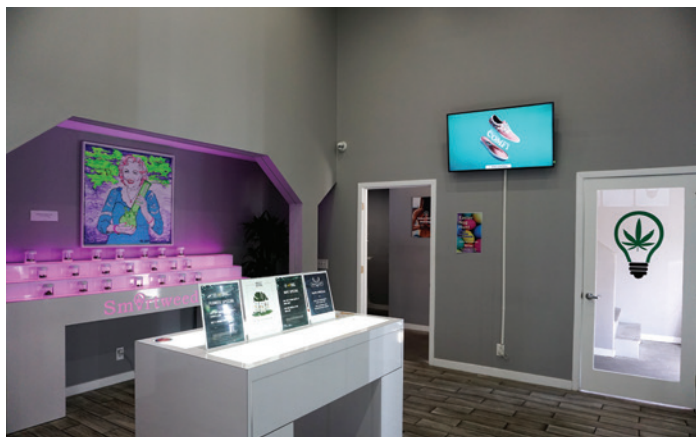
**S**erial tech entrepreneur, inventor, patent holder, and software connoisseur Jeremy Jacobs likens launching his latest endeavor to bringing beer to the desert. In 2014, he and his team began studying the cannabis retail space with the goal of creating a solution mirroring his established global brand Eyeconic.tv, which serves Fortune 500 healthcare, restaurant, and retail companies.

Enlighten resulted, debuting in 2017. The digital system provides point-of-sale media incorporating fully managed digital signage and menus along with touch-screen kiosks. Employing state-of-the-art integrated hardware and software attached to “the internet of things,” the system educates and entertains consumers as well as provides budtenders with tools and retailers with data and hyper-targeted marketing. Enlighten deployments also offer something for product brands: in-dispensary advertising exposure. According to Jacobs, the system “adds value to the location and its customers.”

Jacobs describes Enlighten as a tech company first and a cannabis company second. The company’s *bona fides* in mature industries evidently resonate with cannabis companies: What started as a thirty-store test market grew into a network of nearly 1,000 locations in thirty-four states plus Canada, Jamaica, and Puerto Rico. Jacobs attributes the rapid growth to employing the same tech-savvy team and essential equipment that developed, tested, and deployed Eyeconic. “This allowed us to avoid some of the hiccups and pitfalls many [competitors] went through,” he said. “A headache-free life is a good life for dispensary operators.”

He also said consumers appreciate the high-tech approach to shopping as much as budtenders appreciate the system’s convenience and the way it elevates the retail experience. Enlighten On Demand allows dispensaries to live-feed educational videos and imagery tailored to each consumer’s





knowledge. Budtenders use the information to help patients select products, then click into the smart-menu interface to display a list of items the system suggests for the patient's needs and desires. Not only is the approach friendlier and more engaging, but it also prevents the inevitable confusion and embarrassment that results when the customer's selection is out of stock. The customized consumer interface may be augmented with promotional messages. "We make keeping your menu up to date easy through integration with some of the biggest [point-of-sale] and [customer relationship management] systems in cannabis, including Flowhub, Treez, and POSaBit."

From a retailer's perspective, Enlighten's interactive menus, TV screens, and kiosks make technology approachable. Educating consumers digitally may help cut wait times and increase average spend, and professionally produced edu-tainment can keep customers engaged if they do have to wait. According to Enlighten's statistics, the company has served more than 500 million videos since it debuted and displays more than 50 million ad impressions annually. "All of our offerings have technology to verify the exact number of impressions and also can employ measurability techniques to prove how well they are working," Jacobs said.


Perhaps the biggest retail benefits, though, come from increased marketing capabilities and the data the system collects. Screens can target a brand's audience with video advertisements at the point of sale and, if consumers opt in, follow them around on their cellphones, casually popping up reminders about their favorite brands and dispensary. Enlighten programs like Beacon CRM, Showcase, TrafficWise, and Direct Connect help retain current customers and convert new ones by alerting consumers to new products and special deals. Jacobs calls the suite of programs "white-glove" service. "We produce products that make dispensaries more profitable, more measurable, more efficient, and more interactive," he said.

Although the company's growth to date has been impressive, Jacobs said Enlighten has more growth to

accomplish. As part of a rapid expansion effort, the company merged with the Eyechronic network, another popular in-dispensary education platform. In February, Enlighten acquired Loud Screens, a digital menu provider. Those and other strategic acquisitions and collaborations will increase Enlighten's ability to provide dispensaries with a full technological ecosystem for training staff, educating consumers, and driving sales.

One of the collaborations is with Novus MedPlan, which offers supplemental cannabis health insurance for THC and CBD users. The company works with Enlighten to educate patients about its packages and their use at dispensaries. Premium cable channel Showtime also collaborated with Enlighten: In January, the channel previewed the comedy *Black Monday* inside dispensaries.

Where will Enlighten go from here? As the cannabis space expands internationally, the company intends to expand along with it. In June, Enlighten announced completion of an oversubscribed Series B funding round for more than \$6.5 million. Among other things, Jacobs said the funds will be used to finalize new technology and data solutions and extend the Enlighten Wellness division, focused more broadly on alternative health. "Having already solidified our company in place-based cannabis advertising, we will strive to continue to innovate and build upon our marketing and technology solutions to ensure this rapidly growing industry has a robust platform to reach and educate the cannabis consumer," Jacobs said. "We feel strongly about our market position as the industry continues to mature and know this capital infusion will allow us to continue to grow and serve the industry."

And continue to innovate. "We see a way to take our massive dataset and create a product that will truly change the way cannabis companies acquire and retain consumers," he said, "taking all the guesswork out and activating marketing and media based on real-world intelligence driven by [artificial intelligence]." 

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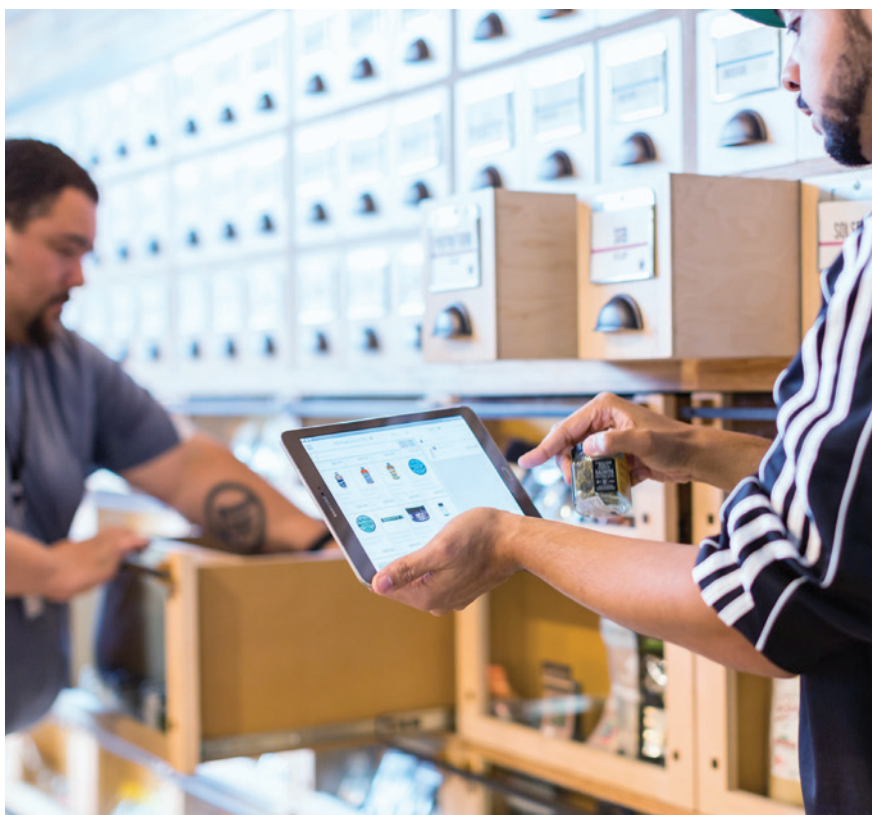
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# Leveraging Dispensary Data

*Point-of-sale data is a treasure trove of information.*

**T**oo many operators focus on a few bottom-line numbers and make big decisions without understanding the elements that make up a performance metric. “Our sales have been trending down, let’s look at either lowering the prices or cutting staffing hours to get back to the net income we had.” Limitation of vision and understanding can limit your options to improve your business.

Sometimes your revenue grows although you did nothing to cause the increase. Other times revenue drops, with no clear reason why. Our industry is evolutionary, and operations are always changing because of products, preferences, personnel, regulations, and competitors. External factors inevitably affect a store’s ability to sell, and you can’t control most of them. But internal factors

play a greater role in success. Understanding them helps control outcomes.

## UNDERSTAND THE SALES FLOOR

Who is performing, how much are we selling, and when are we selling it? Looking at top-line sales volume alone doesn’t tell the whole story. Instead, look at what produces the result.

**Salesperson performance:** Examine total sales by budtender, discounting, net margin, sales per hour, sales per shift, and average transaction amount by budtender. The top salesperson (by dollar volume) may be your least profitable, because they discount everything or sell low-margin products. Production by shift or hours worked can reveal who handles customers well and maximizes sales opportunities.

**Sales flow:** When do customers visit the store? What are the peak days and peak times per day? When are the slowest times? When you understand customer flow, you can staff your days more efficiently and also schedule necessary tasks during slow times. The fewer customers needing attention, the easier it is to perform tasks like inventory audits, stocking, ordering, and cleaning. Also consider stimulating sales during slow times with traffic-driving solutions like “happy hour” discounts.

**Revenue shrinkage:** The “something doesn’t seem right” feeling usually is correct. Begin following your hunch by studying your data.

**Cash management:** Whose drawers are consistently off?

**Profitability:** Who is discounting more than average? When and why? Are friends coming in late during some employees’ shifts for smoking-good deals? How are 90 percent of a budtender’s sales to veterans, when overall veteran discounts go to only 20 percent of your customers?

**Adjustments:** Who is weighing or counting, and why are they consistently adjusting more than an acceptable percentage?

## PRODUCT MIX AND MERCHANDISING

Customers expect dispensaries to stock the products they want at reasonable prices. Do you satisfy their appetite with the right categories of ingestible cannabis and offer in-demand brands and popular products at the expected quality and price? Customers vote with their wallets, and you can see what’s selling and what’s not.

Inventory mix is vitally important. Is it better to sell 100 items and make 20-percent profit or fifty items that generate 40 percent? It depends on your desire for volume and revenue and whether people buy other things with the low-margin items. In Washington state, Cova sees a disproportionate volume of pre-rolls sold at a low price and low margin. It takes the same labor to sell an ounce and net \$75 as it does to sell a joint and make \$2.

Often, the customer base will dictate margins based on income, demographics, store concept, etc., but dispensaries can drive what they sell. Merchandising strategy, sales tactics, and customer experience have




significant influence on customers' buying behavior. Featuring low-cost items may bring more traffic, but consider Colorado, where pre-rolls seldom are featured and reside on back shelves. The result: higher basket sizes.

Strategic buying and routine reordering also determine sales performance. Does your buyer order the same products over and over? That may be the easy route, but it may not be the

**Sometimes your revenue grows although you did nothing to cause the increase. Other times revenue drops, with no clear reason why.**

best practice to serve customers and grow the business. Likewise, knowing your inventory turnover is critical to optimizing supplier management and ensuring the most popular products always are on the shelves. Low-performing and slow-moving products should disappear from the floor over time or have a lower cost to justify occupying space.

All these metrics are captured by point-of-sale systems and can reveal inefficiencies, opportunities, and gaps in management. Pull the reports and consider what the metrics mean in the context of store operations. Consider how the metrics change over time. Most importantly, when you decide to make operational changes, measure the effect. Did the adjustment affect business positively? If so, do more of that. Did it result in unexpected repercussions for other parts of the business? Reconsider that approach.

No matter what, don't ignore valuable insights the transactional data from your POS can provide. It's there for you to use, and the best part is you don't have pay more for it. 



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# Jessica Billingsley: Woman at the Top

The CEO of NASDAQ-traded Akerna Corp. leveraged people skills and tech savvy to become a cannabis pioneer.

Jessica Billingsley has charted an impressive career trajectory over the past ten years. First, as co-founder and chief executive officer, she steered cannabis compliance software platform MJ Freeway to prominence in twenty-nine states and fourteen countries. The company has processed more than \$15 billion in transactions. Then, in June 2019, MJ Freeway merged with MTech Acquisition Corp., a publicly traded company that gathered \$50 million in a 2017 initial public offering. The merger formed a new entity, Akerna Corp., and headlines hailed Billingsley as a trailblazer: “MJ Freeway Becomes First Female-led Cannabis Technology Traded on NASDAQ.”

With Akerna, Billingsley and her colleagues are fast becoming a major player—the proverbial 800-pound gorilla—in the cannabis technology sector. The game plan is to acquire and partner with other innovative software developers in order to build the next generation of digital tools and services for the fastest growing retail market in the world.

## ‘SOFTWARE IS EATING THE WORLD’

Even before Billingsley became an entrepreneur in the industry, she had experiences with cannabis that shaped her perspective about the plant as both a medicinal and social phenomenon.

“Many early participants in the industry, like myself, either had a personal medical connection or a social justice drive. Otherwise, it just wasn’t worth the risk,” she said. “In my case, I have a family member with a demyelinating illness.”

While Billingsley was studying communications and computer science—an odd combination, perhaps, but one that has served her well as a technology entrepreneur—at the University of Georgia, she believed software was the future and wanted to be a part of the evolution.

*Photos: Thomas O'Brien Photography*



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Many early participants in the industry, like myself, either had a personal medical connection or a social justice drive. Otherwise, it just wasn't worth the risk.

"I was a good student, but knew I was never going to be best of the best," she recollected. "But what I could do was translate that [technical know-how] into applications and innovation and communicate how the technology works to other people."

Early in her career, she was struck by the phrase "software is eating the world," Netscape co-founder Marc Andreessen's blunt description of the disruptive and all-consuming influence of bits and bytes across the business world. It was then she knew her future would be consumed with ones and zeroes and kernels—the essential building blocks of software and computer systems. The name Akerna, she explained, plays on the word kernel, familiar to farmers and computer scientists alike. Clearly, she delights in a good play on words.

While MJ Freeway may not be as disruptive as Uber and Airbnb, the company helped take the cannabis industry from the underground to a buttoned-up retail supply chain over the past decade, helping state regulators manage compliance and giving retailers a real-time

understanding of consumer trends in a fickle, fast-moving industry.

When Billingsley invested in one of Colorado's first cannabis operators, she was asked to select a software program to help run the business. "But I couldn't find anything to adapt, and that's where MJ Freeway was born," she said. "It evolved through medical and social activism into the three Ps: public safety, product safety (a transparent and accountable supply chain), and patient safety (accurate labeling)."

Developed as a cloud-based platform allowing both operators and regulators to manage and navigate the complex track-and-trace process, MJ Freeway had to be custom-built due to the highly regulated nature of the industry. Billingsley noted that in other regulated businesses—alcohol, tobacco, pharmaceuticals, and agriculture—software tracking systems are somewhat effective, but none have a comprehensive platform that ties all the pieces together.

"Alcohol and tobacco do the consumer-safety piece pretty well, and agriculture does a decent job of ensuring supply-chain safety up to distribution, but then it's all gone," she explained. "Cannabis needed a hybrid model and the ability to tie together the concept from these models and adapt it for a product that's brought to market in a high-value, dry-flower form."

Billingsley is excited about the prospect of building out Akerna's platform and adding to the network of fifty integration partners MJ Freeway developed over the past decade. When Billingsley says, "we are a true modern microservice, API-enabled, [enterprise resource planning] platform for cannabis ecosystems," the words roll off her tongue like someone who has spent more than her share of time burrowing down computer-coding rabbit holes over the years.

### STOP THE DROP

The cannabis industry resembles the technology industry in several ways and, unfortunately, one of those is the scarcity of women in leadership and C-suite positions. That is a pain point for Billingsley, and one that she has taken up as a cause.

"My perception is that cannabis is very similar to the tech industry, and I do believe

there is a cultural component," she said. "In technology, women hold a smaller percentage of U.S. tech jobs than they did twenty-five years ago, and that's not going in the right direction. Another fact is within ten years, women who enter technology drop out at rate of 56 percent."

Using the tags #OneWomanChallenge and #StopTheDrop, Billingsley encourages industry operators of all stripes to help women get ahead in industry one interaction at a time.

"Real change is the result of many, many small acts," she said. "Ask any person to help one woman in some way, whether it's an email or intro or mentoring sessions. It may seem like a drop in a bucket but it creates a swell of real change, and cannabis can absolutely participate in the challenge."

While she built MJ Freeway, Billingsley was determined to recruit top tech talent. One of the creative ways she did so was offering a thirty-hour work week to women who sought work-life balance. "It's been wonderful for us and a tool to help stop the drop," she said. "Folks are able to continue at reduced pay and hours and still have benefits. Every employee who has taken advantage of that has converted to full-time."

### 'CANNA WILL NEVER LET YOU BE BORED'

For a company that started as a side gig when Billingsley lived in Atlanta, MJ Freeway has grown impressively and now employs more than 100 people. In fiscal year 2018, the company generated \$10.5 million in sales.

While her ascension in the industry probably had more to do with her technical skills, she is equally proud of her communication and people skills and early on determined to build a company people wanted to join and stick with for the long haul. From the beginning, she focused on creating a work environment where employees feel appreciated.

One of those employees is the "director of people," who focuses on building corporate culture and maintaining strong communication channels between employees and leadership.





Real change is the result of many, many small acts. [Each] may seem like a drop in a bucket but it creates a swell of real change, and cannabis can absolutely participate in the challenge.

“We do focus a lot on employee retention and culture and have been very intentional from inception,” Billingsley explained. “We have adjusted our north star a few times, but our core values have never changed: Do the right thing, be part of the solution, and show people you care. That means both within the business and for our clients.”

Billingsley’s number one and two employees are still by her side. They helped her ring the bell to open NASDAQ trading on the day Akerna made its debut on the market.

“It helps that we are doing new stuff every year and serving a fast and explosive market where we have new challenges and problems innately for our team to sink their teeth into,” she said. “So, there are a number of factors and I’d like to take the credit, but some of it is the nature of our emerging industry. I’m a technologist myself, and the worst thing for me is to be bored. Cannabis will never let you be bored.”

As more states across the country legalize cannabis in one fashion or another, business



professionals from other industries have been enticed by the siren call of opportunity.

“We had visionaries early on, so there have been very smart, forward-looking people from inception. But it’s wonderful to have continuous access to a pool of professional talent who are excited to work in a fast and growing industry,” Billingsley said. “That was a challenge early on, when we would only advertise that we were a technology company. Then, after the interview, we would share the whole story. About 50 percent of people would walk away. But now we have the opportunity to hire the best and brightest people who are excited to work in an expanding market.”

#### CORRALLING DATA

As Akerna looks forward into the increasingly competitive space of software

and compliance solutions, one of the biggest assets the company has may be the massive amount of data it has collected in markets across the U.S. and abroad.

“We have an unprecedented amount of data for consumer packaged goods and the supply chain,” she said. “The number of data points we track, and then provide value and leverage and access, is pretty phenomenal.”

The primary benefit for clients is insight about consumer buying trends. Billingsley noted women between the ages of 50 and 60 are the fastest-growing group of cannabis consumers. The top five reasons people cite for using cannabis are health- and wellness-related: Sleep, anxiety, and pain are driving the majority of sales across the U.S.

Using this data to generate revenue is a key part of Akerna’s business strategy and



mission. One need look no further than Facebook's \$500-billion market cap to understand how valuable consumer insights can be in today's digital retail ecosphere.

"We have had the right since inception at MJ Freeway to aggregate and monetize our client data as long as its anonymized," Billingsley explained. "There is a wealth of data insights to be mined, and our guarantee for our platforms and enterprise customers is to provide more value than cost and leverage data to provide insights back to the operators."

Of course, anytime a company collects and manages terabytes of data on a daily basis, hackers and competitors take notice. Inherent risks and threats lurk in the extended network of servers and computers where data is transferred and stored. In 2016, MJ Freeway was the victim of a cyberattack that disrupted its business operations and created something of a public relations crisis for the company and its core product. The stolen data included customers' contact information and dates of birth, but no other sensitive information, according to the company. After the dust settled, MJ Freeway was able to recover 90 percent of the compromised data.

"We were the victim of a vicious cyberattack on our legacy platform, which is a product that we have since retired," Billingsley said. "It was a very significant learning experience, and we've come out stronger on the other side with a big investment in security. We now spend [on security] like a company many times our size."

"We've developed a culture of security in our company that I'm proud of moving into the post-cloud era," she added. "We recovered well and have experienced double-digit growth twice over since that happened. It was a tough lesson, but I'm grateful to look at things through the lens we do now."

## TWO SIDES OF A COIN

When she entered the industry, Billingsley understood the challenges


and complexities of starting a company in a market dealing in a federally illegal product, even when the company doesn't touch the plant. Still, she was caught off guard by the extent of the problems cannabis entities continue to face daily.

"I was somewhat naïve when we founded MJ Freeway and did not anticipate we would be subject to some of those challenges, but we faced our share of banking and merchant processing and insurance issues," she said. "Our growth also was constrained by the rate of regulatory change, which presents its own set of challenges. We had to rein in during years where not a lot of new regulations were passed, and then expand rapidly when major sweeping regulatory changes across markets took place. So, opportunity and challenges are two sides of the same coin for us."

Flash forward to 2019, and Billingsley's Akerna finds itself in a unique position as one of the very few cannabis companies listed on a public stock exchange in the U.S., with a healthy influx of cash and new investors ready to fuel its growth.

"This merger gives us a larger platform to execute our vision, which is to drive organic growth and lead the cannabis tech consolidation that is essential for rapidly scaling industry sustainability," she said (all in one breath). "So, having additional cash with this listing and lower cost of future capital does allow us to pursue that vision and strategy that is not as straightforward in a private company."

Like every other cannabis company CEO in the U.S., Billingsley looks forward to federal legalization. For the first time in many years, she feels optimistic about that prospect.

"I have been doing this for ten years, and MJ freeway has processed over \$15 billion in transactions, but I have not been saying federal legalization is coming in the next couple years," she said. "Today, I do think we are likely to see either a states' rights act or some real change via executive order in early 2020. So, if I get that right, maybe they'll say 'she called it!'" 

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# Want Media Attention? Be Newsworthy.

*Learn how and when to leverage your company's news so journalists take notice.*

**T**he cannabis industry is becoming savvy—retail-, marketing-, and business-savvy. As the industry matures, more companies are developing brands and strategic plans, establishing marketing and public relations campaigns, and seeking general news coverage. At the outset of legalization, media outlets persistently sought news from cannabis companies. Now, the burgeoning industry offers plenty of sources with interesting content that easily can fill the pages of magazines. Industry members find landing

“Extra! Extra! Read all about it!” Today, that translates to creating a buzz. Will people want to read the story, share it, “like” it, or comment on it? Is it notable, interesting, significant, topical, historic, or momentous? Not just anything qualifies as news.

To determine newsworthiness, it's important to think like a journalist, not a corporate messenger. It's not journalists' job to publicize your product or company. It's journalists' job to tell their readers something interesting, new, or entertaining. Some companies need help communicating

**It's not journalists' job to publicize your product or company. It's journalists' job to tell their readers something interesting, new, or entertaining.**

stories, feature articles, or even a product mention increasingly challenging. Companies now need to be media-savvy and, most of all, be honest with themselves. Is the story you want to share really newsworthy?

Evaluating a story for newsworthiness means determining whether it is actually news. Will the media take interest? In other words, is it something their readers will care about? Think about the movies that show newspapers being sold on street corners:

to the media and leveraging stories, so they hire PR consultants or have in-house PR teams who know how to translate corporate messages into valued news pitches or use the information as touchpoints to strengthen media connections.

For those of you navigating the PR waters on your own, here is how to determine whether you have a great story to tell.

In order to get any traction with media, you need to meet at least one of their three goals:

## INFORM

Share information that will be of interest and relevant to the media outlet's audience. Cascade Cannabis Association, for example, provides insights on legislative decisions that shed light on current issues in a way readers—and media, for that matter—may not have considered.

## EDUCATE

Teach the audience about a topic. How-to and step-by-step instructional articles are helpful to readers. Root Engineers submits articles about everything from HVAC system selection for cultivation operations to design considerations for processors and more.

## ENTERTAIN

Who doesn't love a good story? Can you make the audience laugh or cry? Are you bringing the unique personalities inside your company to life for audiences in a way others can't? One of my favorite projects while working at Nike was connecting the brand to the Albertville Olympics. This included convincing Phil Knight to dress up in a swan suit inside a giant snow globe!

Ask yourself the following questions to determine newsworthiness:

- ▶ Is the information timely?
- ▶ Is a product innovative, different, or distinctive?
- ▶ Does the news tie to or indicate a trend?
- ▶ Does the material relate to a current item in the news?
- ▶ Is the news record-breaking?
- ▶ Is the item a new twist on an old concept, product, or practice?
- ▶ Is it relevant to the season or a holiday?
- ▶ Does the item have emotional appeal? Is there a human-interest element?
- ▶ Can you provide a helpful tip for the media's audience?
- ▶ Is the information relevant to the media's community? Is it local?
- ▶ Does your news pertain to a famous person?

Another way to determine newsworthiness is to gauge whether the subject you're publicizing falls into one of the following categories. Media often will consider reporting on the following:



- ▶ Launching a new company.
- ▶ Introducing a new product or version upgrade.
- ▶ Announcing a rebrand.
- ▶ Building or opening a new facility.
- ▶ Announcing new hires, promotions, or workforce expansion.
- ▶ Creating new partnerships, mergers, or acquisitions.
- ▶ Receiving an award.
- ▶ Acquiring a patent.
- ▶ Announcing survey results.

“Anything that is the ‘first’ or the ‘most’ is always of interest and I’ll give it a look,” said Leah Maurer, co-owner and editorial lead at The Weed Blog. “But if there isn’t more to the company than just making money and creating the ‘highest quality’ product (everyone claims to), I am not likely to publish it. If you don’t have a story or points that differentiate you from others in the industry, your brand or name will simply drown in the sea of the ever-emerging and morphing cannabis industry.”

## NEWSJACKING

Many of our clients love the PR tactic called “newsjacking.” The strategy leverages something already happening in the news, adds your special ingredient or twist, and turns it into your story.

One example would be when a new regulation hits that potentially affects medical service organizations in a negative way. You can issue a statement about what your business is doing to mitigate the regulation’s effects, because your process could help others in your space. Or you could provide a comment or analysis stating a clear and unique point of view, which will establish you as a thought leader.

To be effective at newsjacking, you need to monitor the news by setting up search engine alerts or simply reading your favorite cannabis industry journals. Then research the topic of the breaking news so you have your facts straight and can determine an angle that best fits your company and brand. Keep in mind being both credible and original will increase the chance your story will be picked up. Acting swiftly usually helps, so strive to be the first to reach the media with your message. And, of course, reach out to the right media—the ones you know will take an interest in your story angle.

## A TIMELY TWIST


Try seizing an opportunity that recurs regularly, such as a holiday or festival. When Coachella hits every April, throngs of tourists are looking for places to buy supplies along California State Route 111. We issued a media pitch called “Pit Stops and Pot Shops on the Way to Coachella,” highlighting our client Royal Highness Cannabis Boutique, which was hosting its grand opening that week along with two dispensary friends’ shops.

This example also emphasizes a point: If we had said just “stop at Royal Highness on the way to Coachella,” the media would have ignored the single-dispensary message as too much of an advertisement. By looping in two other dispensaries and giving the press release a catchy title, we broadened the concept and gave it more local relevance. In essence, we did the research for the reporters. We made it easy for them to include our client. Spreading the love to the other area shops was good cannabis community relations, which didn’t hurt, either.

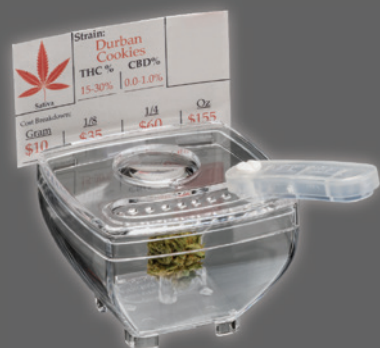
## THE BIG PICTURE

When it comes to cannabis, there is a “we are all in this together” mission for supporting the future of the industry. So, as you consider your focused company news item, make a connection to the bigger picture.

“I am most interested in what the company/brand story is, and how it is special, but still plays a role in the bigger story in the point in history we are at with the cannabis plant right now,” said Maurer. “Tell me what your company is doing in terms of social responsibility or sustainability, or what you are doing that plays a role in the bigger picture of this emerging industry. I want to hear how your company is creating and reinforcing standards and helping pave the way as more states and countries continue to legalize and more cannabis companies start up.”

I ask again: Is the story you want to share newsworthy? Hopefully now you have a better perspective as to what that means to the media. Attracting the media’s attention requires an ongoing, concerted effort. With the right ingredients—interesting, unique, and timely news—your company can build its presence in the cannabis space one headline at a time. 

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# Multi(state)-Tasking

*Cannabis companies must juggle today's complexities without losing sight of the future.*

Leading a multi-state cannabis operation can feel like opening a large box of crayons to color an empty page. The challenges—medical, scientific, social, and economic—are exhilaratingly boundless. Yet, providing legal cannabis products in thirty-three U.S. states also comes with a never-ending list of complexities. Throw in a morass of state and pending federal regulations, and it gets a lot harder to draw the picture you want.

## REAL ESTATE

Trying to find a home for dispensaries, manufacturing, and processing facilities might as well be called “zoning management.” Buried in the fine print of state laws is a long list of places cannabis operations are not welcome. In many states, only a handful of municipalities welcome dispensaries. Then, within those set regions exists a location-specific set of zoning regulations such as distance from schools, places of worship, or even competitors. This makes the “pool” of real estate opportunities more of a “puddle,” sometimes forcing companies to take what they can get. Even office space developers remain squeamish about housing cannabis headquarters—a space where no product is stored. Smelling an opportunity, landlords have grown savvy knowing the demand is high, leaving very little competitive advantage for cannabis clients.

A smart move is to partner with well-established local real estate firms that possess extensive knowledge of their regions. Together, you can create a heat map to find the right

locations and even locate competitors. Buoyed by a long list of backup properties, it's easier to negotiate favorable terms. This efficient system relies on the strength of teamwork, so it's critical to pick the right partners who will not leave you on the field.

## DISTRIBUTION AND SCALE

We face a tremendous number of constraints to distribute legal cannabis from where it is processed to where it is sold. Only a handful of people can touch the product, and often each delivery van must be equipped with advanced security cameras and other precautionary measures. The federal government prohibits transporting product across state lines. Tracking deliveries to ensure they adhere to every law for total custody and control demands huge investments in information technology equipment.

Given cannabis's runaway popularity, companies might be tempted to throw together distribution platforms hastily in an effort to get product to market, but that's missing the big picture. Today's fragmented market is temporary. Building a business for the future means keeping an eye on what a national legalized scenario may look like. Believe it or not, we could learn a lot from how the black and gray markets have adapted technology. For example, many have developed apps to stay on top of real-time demand and dedicated a fleet of bicycle messengers to get customers what they want when they want it.

As pioneers of legal cannabis, we owe it to the industry to be better than illegal players. One way is to carefully develop a comprehensive, fully integrated technological infrastructure to efficiently deliver legal products anywhere. That's going to mean investing capital in things like cloud services, design, and systems to track supplies, but those investments ensure products get to where they need to be now and will continue to do so as the industry grows and evolves.

## TESTING

Safety and quality are of the utmost importance to ensure customers know exactly what they're getting. Each state requires testing, and each has state-run labs that will do the work for free. But the test regulations, while extremely important, can have long turnaround times that can hurt business.


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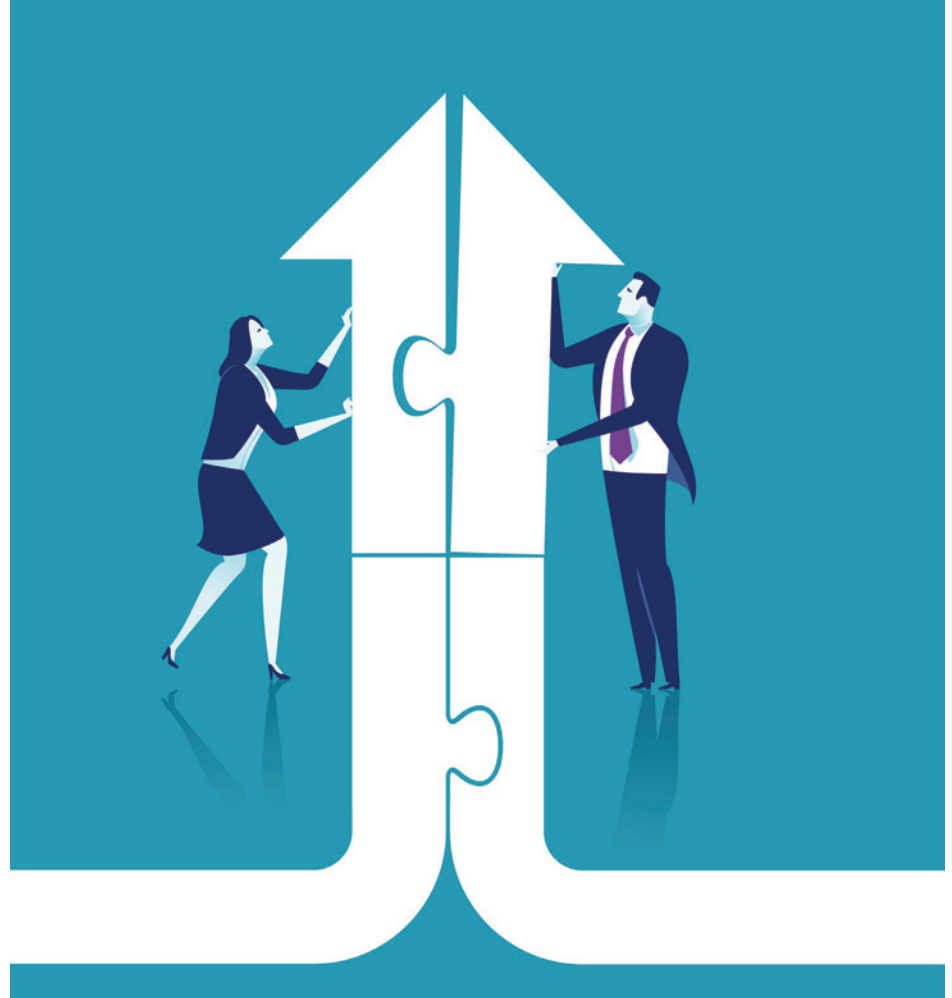


products tested by independent labs, which must comply with the same state testing regulations, in as many states as possible to deliver products to retailers or clinics quickly. But that expense can be a big one for companies just entering the market. My advice: Spend the money if at all possible. What you spend in testing, you'll make up for with a steady stream of product.

#### END GAME

In the end, success means driving a highly efficient and effective operations strategy that will result in the safest, highest-quality products delivered to those we serve. Whether they're in California or Massachusetts, medical patients and adult-use consumers expect a positive and restorative experience.

As the greatest leader I have had the pleasure to work with, General Electric Chief Executive Officer Jack Welch, taught me: Whether it's investing a little extra to deliver better quality products and services, or founding partnerships on mutual respect, businesses will only flourish when you plant deep roots and nourish them well. 



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# CANNABIS!

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**BY JOANNE CACHAPERO**



**W**hen consumers spend their hard-earned dollars, do they really buy into images of sweaty yet existentially handsome Matthew McConaughey trail-running through a primordial forest before jumping into his Lincoln Navigator—or do they do research and buy the best car? Do fashionistas really believe a little Kar-Jen magic will rub off on them if they buy a box of Kylie's new eye shadows—to the tune of a billion-dollar beauty empire?

Celebrities and commerce have been bosom buddies for as long as there have been famous people and products. But why? Why listen to Jennifer Aniston when she hawks Smart Water and Aveeno?

Researchers say the celebrity effect in marketing largely is a matter of perceived trust. A 2011 Taiwanese study concluded celebrity endorsements add perceived value, help consumers differentiate a product, and create a rapid bond with potential customers because of their familiarity with the celebrity—and this can trigger purchase intent in highly competitive markets with lots of products.

In fact, some experts say we are hardwired to recognize friendly faces we can trust. Among the first things newborns respond to is their mother's face, for instance. That's a survival instinct, carried over from when an encounter with an unrecognized face on an unfriendly human could be fatal.

A trigger so ingrained in human behavior sounds like a surefire marketing tactic, and brands agree. In the internet age, celebrity endorsements have skyrocketed both in numbers of partnerships and the amount celebs are paid to promote on any of a dozen different media platforms, including their own social media streams. Especially in the United States, where trendsetters and

*Cannabis consumers, like all consumers, are drawn to what they're familiar with—names and brands and flavors and methods they've enjoyed before.*

—Ricardo Baca, founder, Grasslands



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*There's something for everyone out there. And as a woman I feel very passionately that we need to reeducate women on this cannabis world and destigmatize all of the labels that go with being a stoner. It's not like that anymore. It's much more medicinal.*

—Chelsea Handler, comedian

thought leaders for every community and sub-culture are churned out almost seasonally, celebrity branding is an industry unto itself.

In an emergent industry like cannabis—which remains quasi-legal and stigmatized and endures significant advertising restrictions—are celebrity endorsements and product partnerships worth their weight in gold?

“Cannabis consumers, like all consumers, are drawn to what they’re familiar with—names and brands and flavors and methods they’ve enjoyed before,” said Ricardo Baca, founder of cannabis public relations agency Grasslands.

Baca himself is a new breed of celebrity—a cannabis celebrity, as the founding editor of *The Denver Post*’s supplement *The Cannabist* from 2013 to 2016. After *The Cannabist*, Baca founded Grasslands with a team of media professionals. The company represents many well-known industry brands including Willie’s Reserve, founded by legendary singer/songwriter Willie Nelson.

“Given that retail cannabis is still a relatively new marketplace, many consumers aren’t yet familiar with the brands and the flavors and the methods, which leaves the names [as “trusted sources”]: Willie Nelson, Martha Stewart, Snoop Dogg, Tommy Chong, Al Harrington, and other more cannabis-centric celebrities like Berner, Mr. Sherbinski, and Jane West. Familiar names can be a powerful gateway for a consumer, absolutely. That said, if the product doesn’t match the consumer’s expectations, they will go elsewhere,” Baca said.

#### GETTING THE GOOP

Take Goop, for instance. More than one million people follow the Instagram account for the online wellness portal founded by actress Gwyneth Paltrow, while Paltrow’s personal Instagram profile is followed by 6.2 million people. In tweets and blog posts, Paltrow and her crew have suggested purchasing semi-precious gemstone



eggs for women to amp up their Kegel exercises (\$66) and detoxing with do-it-yourself coffee enema kits (\$135).

In the 1990s, Paltrow won a Best Actress Oscar for her role in the film *Shakespeare in Love*, and she has authored several books. But she's become a self-proclaimed maven of alternative lifestyle options, pushing boundaries and setting trends.

Founded in 2008 as a newsletter launched in Paltrow's kitchen, Goop has become a go-to source for alternative wellness and lifestyle information with a loyal following of primarily female consumers who want info and recommendations about beauty, food, fashion, travel, wellness, work, and men. That's a lot of lifestyle influence.

Paltrow doesn't own or represent a cannabis product line yet, but that may be inevitable. Goop has featured cannabis and CBD products among other editorial content and even partnered with retail dispensary chain MedMen for a pop-up event at its Venice, California, store location.

The mother of all lifestyle mavens, Martha Stewart, *does* have a cannabis-infused pet line in the works, in partnership with Canadian multinational Canopy Growth Corporation. Stewart's reality TV show co-star and famous cannabis smoker, Snoop Dogg, reportedly encouraged the deal. His Leafy by Snoop line is also under the Canopy umbrella.

Stewart, who for decades has influenced lifestyle markets in everything from home décor to cooking and holiday entertaining, has the kind of clout that can move markets by introducing them to products they never knew they needed or even wanted. Her signature pet products line has been on shelves at Petsmart stores for years.

"Martha is already well known for her work in pet-health initiatives, and her wealth of experience is certainly of immense value when it comes to new product development in the CBD space," said Canopy Growth Vice President of Communications and Media Jordan Sinclair. "The people we've collaborated with aren't brand spokespeople, but rather partners of the company with their own brands and products that we stand behind."

"Seth [Rogen] and Snoop are both well known for their advocacy around cannabis use, so it probably wasn't much of a surprise to anyone when they entered the cannabis space," he added. "The knowledge and expertise they bring to the business as consumers themselves is likely reassuring to consumers who are interested in their products."

Rogen, who starred in the television series *Freaks and Geeks* and comedy features like *Superbad* and *Pineapple Express* (the plot of which revolves around illicit marijuana), has hipster appeal when endorsing products and has appeared in ads for Budweiser and Samsung.

But, like Snoop and Stewart, Rogen is not just involved in an endorsement deal for a Canopy-branded product line; he is actually co-owner of cannabis company Houseplant and a newly minted cannabis entrepreneur in partnership with Canopy.

# Hollywood's Elite

*What's in a name?*



**TOMMY CHONG:** While some cannabis entrepreneurs avoid the stoner cliché, Tommy Chong can't: He and his comedy partner at the time, Cheech Marin, practically invented the stereotype in the 1970s. The 1972 comedy album *Big Bambù* was a huge hit; the fold-out album came with a giant rolling paper tucked in the liner. The classic stoner film *Up in Smoke* cemented their legacy. In 2003, Chong was convicted of selling cannabis paraphernalia online and sentenced to nine months in prison and a \$20,000 fine. Today, the 78-year-old is proprietor of Chong's Choice.

**WHOOPI GOLDBERG:** A groundbreaking comedian, actress, and thought leader, Goldberg co-founded the brand Whoopi & Maya with Maya Elisabeth, the power behind award-winning Om Edibles. Goldberg's authenticity and resonance with millions of women via her long-standing cohost role on TV talk show *The View* make her a branding natural.

**SETH ROGEN:** In March, Canadian native and Hollywood multi-hyphenate Rogen launched his own cannabis brand, Houseplant. He's the latest to join an impressive roster of celebrities who have partnered with Canadian cannabis multinationals like Canopy Growth. Rogen's massive hipster appeal makes him a standard-bearer for Millennial males. He was even a fashion icon for a minute, pegged as a "scumbro" alongside

Pete Davidson, Justin Bieber, and Shia LaBeouf.

**SIR PATRICK STEWART:** *Star Trek's* Captain Jean-Luc Picard admitted to daily edible use to treat arthritis in 2017; in mid-2018 Stewart's Oxford Cannabinoid Technologies announced a \$10-million investment in partnership with Casa Verde Capital and British tobacco products giant Imperial Brands, whose cigarette labels include Winston and Kool. The cannabis research firm is actively funding cannabis research through a special program at Oxford University.

**CHELSEA HANDLER:** Another Hollywood multi-hyphenate, Handler is a vocal cannabis supporter, even confessing she's used weed since her teen years, before California went med-legal and long before the state legalized recreational use. She plans a signature product line launch this fall, based around a strain she said will appeal to women: It doesn't trigger the dreaded "munchies."

**KEVIN SMITH:** Famous for directing indie cult classic films like *Clerks*, *Chasing Amy*, *Mall Rats*, and *Dogma*, Smith is half of comedy duo Jay and Silent Bob. Having cultivated a character that rarely speaks, but smokes lots of weed, Smith may be the perfect pot representative for his signature brand Jay & Silent Bob's Stash, produced by Canadian company Chemos.

“For Canopy, it’s not about reaching out to specific demographics,” Sinclair pointed out. “Rather, we look to align with partners who share our drive for excellence and innovation.”

“In Canada, cannabis consumables are set to become federally legal in October 2019,” he added. “This will include categories such as edibles and beverages, and formats like vape pens and infused oils.”

As Canada’s legal market expands to include more adult-use product categories, so will opportunities for business-minded personalities and promoters to gravitate to cannabis-infused markets, Sinclair speculated. Eventually, consumer and sales data will indicate which celebrities have a green touch.

“It will be interesting to see how those categories develop over time and the kind of interest we may see from people already working in related fields,” he said.

“The potential for crossover collaborations is there, but at this stage we’re focused on development and production to meet the demand once the second wave of new products come to market.”

The impact of restrictive cannabis advertising regulations in Canada, and in most U.S. legal states, also promotes celebrity involvement with products intended for adult use. Until very recently, recreational use was prohibited in both countries.

In Canada, cannabis brands are not allowed packaging or advertising with any “depiction of a person, character, or animal, whether real or fictional.” Testimonials and endorsements likewise are not permitted. Canadian cannabis product manufacturers are allowed to use a distinct logo but not a signature color under the country’s “plain packaging” rules.

Beginning in November, tobacco products in Canada

## Musicians and Bands

*Music and marijuana always have gone together like pancakes and syrup.*



**IN THE LATE 1930S**, “reefer madness” was associated with fast living and hanging out with the “wrong crowd,” which included Mexicans, loose women, and jazz musicians. Prior to cannabis prohibition in 1937, jazz musicians including legendary trumpet master Louis “Satchmo” Armstrong and singer Cab Calloway talked and sang about cannabis. It’s not surprising contemporary musicians continue the legacy. A 2018 study found reggae (no surprise there), hip-hop, and electronic dance music audiences ingest the most cannabis.

**THE MARLEYS:** Nearly deified for sharing his Rastafarian beliefs with the world, Bob Marley is an avatar for cannabis. The Marley family has continued his legacy: Son Damien is among the group of investors that owns *High Times* magazine; daughter Cedella is chief executive officer for the Bob Marley Group of Companies, which owns the Marley Natural brand; and son Stephen curates Kaya Fest, which every April 20 reunites the family musicians on stage.

**WILLIE NELSON:** County music legend and patron saint of Texas, Nelson is so deeply a part of weed culture a strain was named after him. Toby Keith and Scotty Emerick co-wrote and

frequently perform a comedic ditty in homage to Nelson’s legendary pro-quality, not-so-secret stash: “I’ll Never Smoke Weed with Willie Again.” These days, Nelson is well-known for his brands Willie’s Reserve and Willie’s Remedy, which he and a band of cohorts reportedly dreamed up at Nelson’s kitchen table.

**POST MALONE:** Malone joined the ranks on July 4 with the launch of his Shaboink brand. All-American hip-hop hot guy Malone, who already has a lucrative line of merch and is wildly popular with the music fest demographic, told TMZ the brand is named after slang for “two people fornicating in a wild, spontaneous fashion.” He partnered with California cannabis accessories company Hemper to produce and distribute the new line of flower, vape pens, pre-rolls, and merch.

**JIMMY BUFFETT:** Serial entrepreneur and Parrothead in Chief Buffett launched the Coral Reefer line of cannabis products in sunny Florida, home of Margaritaville (another of his well-known brands). Under the Margaritaville brand alone, Buffett has interests in restaurants (in the U.S., Mexico, Caribbean, and soon Canada), food supply, footwear, rum, tequila, craft

cocktails, tailgating, accessories, radio, and a Margaritaville Casino located in Biloxi, Mississippi. He lent another song title to his Cheeseburger in Paradise chain of burger restaurants, located in the Midwest and eastern states. Don’t forget the licensing deal with Anheuser Busch, for Landshark Lager. For Coral Reefer cannabis, named after his band, Buffett partnered with Florida-based Surterra.

**SNOOP DOGG:** Dogg is one of the rare breed who transcended the quasi-legal and built a bridge to mainstream consumers. That intangible quality is marketing lightning in a bottle. Like Nelson and fellow rapper B-Real, it’s hard *not* to associate Dogg with cannabis. His brand has expanded to include VH1 lifestyle cooking show *Martha [Stewart] and Snoop’s Potluck Dinner Party*, a subsequent cookbook, and forays into fashion. For Leafs by Snoop, he partnered with Canadian multinational Canopy Growth. Dogg co-founded Casa Verde Capital, which has invested millions into cannabis projects and products backed by other celebrities including Martha Stewart and British actor Sir Patrick Stewart.

**B-REAL:** The original Dr. Greenthumbs, B-Real’s Eastside Los Angeles style of rap and



also must comply with plain packaging standards: plain, brown boxes emblazoned with nondescript logos and bright warnings, to include visual imagery of the effects of tobacco use, i.e. photos of patients suffering from terminal conditions like chronic obstructive pulmonary disease or cancer. Politicians and the Canadian public generally embrace more favorable opinions about cannabis. Where restrictions on advertising have been implemented, supporters say regulations prevent undue influence on those younger than age 21. Nevertheless, Rogen can't promote his Houseplant brand with billboard images depicting him enjoying a bong. Because he co-owns the company, though, his endorsement is implied.

Rogen has nowhere near the brand-building power of a Kardashian, Jenner, or Justin Bieber, but he could—and probably will—wear a logoed T-shirt where paparazzi

lurk. Every time a tabloid mentions he's been blazing up with his boys or had to have his office fumigated to remove a certain telltale aroma represents another piece in the puzzle-like process of creating brand recognition.

"In our quest to build a globally recognizable brand on both medical and recreational fronts, we have two major priorities," Sinclair said. "The first is ensuring the product we're supplying is of the highest quality, and the second is creating a safe and trustworthy space for adult consumers to learn about legal cannabis and the various ways it can be integrated into their lives.

"With that in mind, we seek to partner with collaborators who share the same values—people who are at the top of their game and well known for the quality of their work," he continued. "There are lots of individuals—including celebrities—we could potentially collaborate with, but when assessing partnerships, we choose to work



rhymes earned him a loyal fan following who now can visit his dispensary (named Dr. Greenthumbs, naturally) in Sylmar, California. B-Real may have anticipated some of the challenges with Proposition 64, because initially he was against the legislation that allowed recreational use. He and bandmates in Cypress Hill partnered with Bhang Corporation to create Cypress Hill Bhang, which launched in 2018 in tandem with the group's studio album *Elephants on Acid*.

**WIZ KHALIFA:** Rapper Khalifa partnered with Supreme Cannabis Company for his KKE brand products and premium signature strain Khalifa Kush. The strain's Instagram stream is a testament to the rapper's love of cannabis and the luxe lifestyle.

**BERNER:** Khalifa influenced Bay Area rapper Berner both in hip-hop and cannabis. An industry veteran and advocate, Berner took his Cookies brand to Southern California with a flagship shop and cultivation facility located in Maywood and a boutique-style dispensary on tony international shopping hotspot Melrose Avenue in West Hollywood.

**KURUPT:** Rapper/actor Kurupt and brand partner Dr. Zodiac brought the world Moon Rocks, a potent concoction of dried flower dipped in honey oil and then rolled in kief. Kurupt's moniker is prominently emblazoned on packaging for marketing effect.

**SHAVO ODAJIAN:** Bassist with metal band System of a Down, Odajian has become a hardcore cannabis entrepreneur with his L.A.-based brand 22Red. At the recent launch of the line's latest specialty strains, Odajian appeared for a meet-and-greet at MMD-Hollywood dispensary, around the corner from the legendary Amoeba record store. "It's what I smoke, so, if you're looking for high-quality, tasty cannabis—high quality THC and CBD—you're not going to get anything less," he said at the event.

**GENE SIMMONS:** Not only is KISS frontman and co-founder Simmons a *bona fide* rock-and-roll legend, he's also an enthusiastic entrepreneur and capitalist who virtually invented, and certainly capitalized on, genre merchandising. His credits include reality TV star, author, and sought-after business speaker. Though the Rock N Roll Hall of

Fame member famously claimed he has never used drugs (unlike most other performers of the era), he's definitely not one to pass up a good opportunity. His line of Gene Simmons' CBD-infused MoneyBag™ Sodas launched in April.

**THE TRAGICALLY HIP:** Canadian Music Hall of Fame rockers and beloved house band sometimes referred to as just The Hip back the Up Cannabis brand. Partnered with Canadian chain Spiritleaf Inc., the band sponsors a series of pop-up shops inside select Spiritleaf locations. Strains offered by Up Cannabis are named for The Tragically Hip songs.

Other cannabis rock stars and band brands: Rappers in the game include The Game, almost all the members of Wu Tang Clan, Jay-Z, Lil' Pump, Migos, Rick Ross, Jim Jones, 2Chainz, Chief Keef, Soulja Boy, Ty Dolla Sign, Dizzy Wright, Lil Debbie, Rico Nasty... The list is long, distinguished, and grows daily. *More* music industry cannabis transplants include Orange County surf rockers Sublime, Rilo Kiley's Jenny Lewis, South African zef rap duo Die Antwoord, and Colorado-based Big Gigantic and Trev Rich, among others.





*Given that retail cannabis is still a relatively new marketplace, many consumers aren't yet familiar with the brands and the flavors and the methods, which leaves the names as "trusted sources."*

—Ricardo Baca, founder, Grasslands

with people based on their entrepreneurial drive and their passion for innovation, both in their own field and in the cannabis space.”

#### DÉJÀ VU

Some celebrity names immediately come to the forefront in cannabis discussions.

Calvin Broadus, better known as hip-hop artist Snoop Dogg, was early to the entrepreneurial game with his Leafs brand. Soon thereafter, he co-founded Casa Verde Capital, a cannabis-focused venture capital firm. The company's portfolio includes e-commerce and delivery platform Eaze, the Merry Jane media platform, and wholesale marketplace Leaflink, among others.

Iconic American singer-songwriter-musician and activist Willie Nelson, at 87 years old, is the elder statesman of the industry. With a reputation for sharing his stash on tour and a pot-bust rap sheet, Nelson's cannabis entrepreneurship was not unexpected. Willie's Reserve and Willie's Remedy are natural outgrowths of his personal brand.

David Crosby, another musician and activist with a notorious pot past, is preparing to launch Mighty Croz, an ultra-premium strain reportedly personally crafted by the co-founder of legendary bands The Byrds and Crosby, Stills, Nash, & Young. Crosby's been busy: The 77-year-old's biography, *Remember My Name*, dropped in July, and his most recent album, *Here If you Listen*, debuted last fall. In April, he began penning an advice column, "Ask Croz," for *Rolling Stone* magazine. He was on the East Coast completing a twenty-three-stop tour when contacted for this story. All of those things keep his name in the public eye, and each one represents an opportunity for subtle brand promotion. Reportedly, Crosby and his longtime




Photos: Chong's Choice

friend and business partner Steven Sponder seek a \$5 million investment partnership.

"I was with David a few weeks ago, meeting with a leading cannabis gear manufacturing and distribution company," Sponder said. "We're cautiously deciding on the ideal company to partner with for the cannabis itself—one that will survive the inevitable industry consolidation. We're focusing on developing a comprehensive line of Mighty Croz branded gear and accessories. We are focusing on launching with gear and accessories because that's legal most everywhere, and we can get a presence quickly in most U.S. states as well as internationally." Branded merch and apparel are bread-and-butter revenue for touring musicians, pro athletes, and other performers. "I can't go into all the details, but for storage boxes, trays, etc., we are working with one of the world's leading pearl inlay companies."

Sponder also said cannabis is a product Crosby feels he can stand behind as a counterculture icon and cancer survivor who credits weed with his recovery, at least in part. "He enjoys being a part of something that makes people happy and helps them," Sponder said. "He has said humans are always going to get high on something, which is why they started fermenting berries in the woods thousands of years ago. Of all the ways to get high, he believes cannabis is the least harmful—certainly less harmful than alcohol and opioids. He's also passionate about decriminalization and feels it's completely wrong for people to be incarcerated because of cannabis. We will support organizations that help those incarcerated because of cannabis."

Despite a light entrepreneurial track record, Crosby could be a triple threat by cannabis standards with the right branding and promotion: He's a cultural beacon for the Boomer demographic, his reputation is global, and he believes consumers perceive his credibility as authentic.

Unsurprisingly, he's received feedback from others in the entertainment industry who also have active interests in cannabis, like comedian/talk show host Whoopi Goldberg (Whoopi & Maya) and singer/songwriter Melissa Etheridge (an infused wine called No Label). "David's music and entertainment-industry friends, including Whoopi Goldberg, have been very helpful to us by making introductions to cannabis companies they work with," Sponder said. "His fans, as evidenced on social media, clearly want David Crosby-blessed cannabis. They see him as authentic and standing for quality. David has been a cannabis connoisseur for over fifty years. They get that he is not just someone famous using his name to jump on the cannabis bandwagon." 



## Pro Sports

*In the game but no longer playing.*

**MIKE TYSON:** The champ is building his own cannabis dude ranch destination in Desert Hot Springs, California. Once completed, Tyson and team envision Tyson Ranch will include an entertainment center and "glamping" as well as cannabis research, production, and education facilities. In February, Tyson Ranch hosted the inaugural Kind Music Fest, which the legendary heavyweight hopes will grow into an annual cannabis-infused, hip-hop happening. Tyson Ranch flower, extracts, and edibles are available in California and Las Vegas.

**AL HARRINGTON:** Upon retiring after sixteen seasons with seven NBA teams, Harrington founded Viola Extracts, named for his grandmother who found cannabis significantly relieved symptoms of glaucoma and diabetes. The company cultivates its own weed and manufactures products in-house in seven states. In February 2018, he launched the CBD brand Harrington Wellness and invested in edibles maker Butter Baby. The three companies together form The Harrington Group.

**RICKY WILLIAMS:** Williams launched a line of cannabis-infused botanical products, Real Wellness, in 2018. The NFL disciplined the former Miami Dolphins and New Orleans Saints running back several times for

cannabis use. Real Wellness offers THC- and CBD-infused topicals, tinctures, and vape cartridges.

**JOE MONTANA:** A Hall of Famer and former quarterback for the San Francisco 49ers and Kansas City Chiefs, "Joe Cool" invested \$75 million in California producer Caliva in January. In 2014, Montana invested more than \$4 million in online portal Herb.co.

**CLIFF ROBINSON:** In 2017, the former Portland Trailblazer known as Uncle Cliffy introduced his eponymous brand in—where else?—Portland, Oregon. A passionate cannabis advocate while in the NBA, Robinson said he used cannabis to help with anxiety and injuries over his eighteen-year career. The baller partnered with Pistil Point Cannabis to bring his line to life.

**ROSS REBAGLIATI:** Canadian Olympic snowboarder Rebagliati became a cannabis standard-bearer after being stripped of his gold medal when a post-competition blood test detected THC in his system. He regained the medal on appeal. In retirement, he founded medical cannabis brand Ross' Gold, which operates in the U.S. and Canada, and the CBD company Legacy Brands. He's an outspoken advocate for medical use by professional athletes.





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# Increasing Sales Through Better Packaging

Jessica Bernardo had a problem. The energetic founder and chief executive officer of Canna Bath was disappointed in the company's sales volume and having difficulty getting her products into major retailers. Based on feedback from customers, she was convinced her products were terrific, but the packaging was bland, and the brand lacked sizzle.

Canna Bath produces wonderful CBD-infused bath products. However, despite the fact the product line is delightful, sales lagged and gaining distribution was a slogfest.

Determined to right the ship, Jessica set out to transform her brand. The first thing she did was consult with a leading cannabis-focused packaging company.

Jessica had a vision for her brand. She wanted her products to be sold in major retailers. She wanted her products to pop off the shelves. She wanted shoppers who passed by her display to be attracted by, engaged with, and enamored of her products. And she wanted the buyers for major retailers to feel her product line represents quality, distinction, and merchantability. In short, she wanted to dramatically increase sales and distribution and knew the place to start was with her packaging.

Jessica is one smart cookie.

The packaging company's team included designers, brand-builders, and printing experts who were well suited for the assignment. They were seasoned professionals who knew how to make brands pop, and they were experts in creating packaging that not only improves sales, but also looks fresh without being overly trendy so it will stand the test of time.

After intense research into the brand category and countless creative sessions, the team unveiled its new look for Canna Bath. The look included new packaging, a new logo, specially selected pastel colors, and carefully applied metallic inks and foils.

Jessica was thrilled and quickly moved the projects into production. After the printing process was completed, she took her freshly repackaged products to buyers at several top retailers. To say they were impressed would be an understatement. Orders came flooding in, and quickly Canna Bath was on the shelves at the very stores Jessica had targeted.

"The new packaging allowed us to get into prominent luxury stores," she said. "Our new look is attracting customers and retailers and has transformed our brand."

More importantly, sales exploded.

"Our sales of bath salts and bombs have doubled since we rolled out the new packaging," she said.

## THE LAST WORD

Packaging is the last communication brands have with consumers during the purchasing process. Packaging design is essential to a product's success because it will influence the consumer's mind at the precise decision-making moment.

"Business owners tend to focus on what goes inside the package," Julia Gosnell, co-founder and chief operating officer of Hippo Premium Packaging, said. "They can get so passionate about the ingredients that branding is not always top of the mind."

Moreover, many brand owners believe if the product is great, people will love it and word will spread. But a key component is missing from this hypothesis: How are you going to get people's attention to try the product when it simply sits on the shelf?

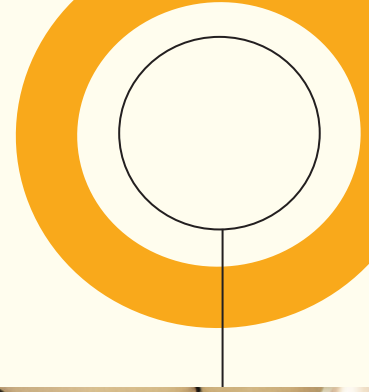
Both branding and packaging need to be compelling enough to shout out, "Hey! Come try this!"

Buyers for major retailers know this better than anyone. These professionals know what consumers seek. They decide what goes onto their stores' shelves. They understand the product needs to stand on its own without the package being opened or the product being sampled. In other words, the packaging needs to be enticing enough for customers to pick it up and put it in their cart.

Packaging matters...perhaps much more than you may think. And that's true for any brand.

Just ask Jessica. 





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# The Case for Clones

*An Australian grandmother's apple tree illustrates the rationale behind cannabis propagation.*



In the 1850s, a British couple moved to New South Wales, Australia, where they eventually purchased a small orchard. Maria and Thomas Smith had worked as farm laborers/orchardists in England (in fact that's how they met...on the farm), so they were well versed in fruit cultivation. Maria became locally well known for baking fruit pies, which led a local wholesaler to give her a box of French crab apples from Tasmania. She made some pies, and then threw the apple peels and cores in her compost heap close to the creek on her property.

Not too long afterwards, she noticed a pippin had sprouted in her compost heap. Normally, she would have pulled the sprout out of the ground, but she let it grow and even tended it as though it were growing in the orchard and not some compost heap.

By 1868, the small pippin had become a tree bearing a previously unknown variety of tart, firm apples perfect for pies. Unfortunately, Maria passed away two years later. Fortunately for the rest of the world, Maria's reputation for baking lived on—and people realized no matter how talented a baker, Maria's special apples played a role in the tastiness of her pies. A local orchardist took cuttings from Maria's tree and named the fruit variety after the woman who made it locally popular. Thus, the Granny Smith apple started its commercial journey.

Today, the U.S. Apple Association lists Granny Smith as the third most popular variety in America. The Granny Smith apple we eat today tastes the same as it did when Granny Smith herself baked pies from the fruit growing on her compost-heap tree. These apples taste the same as the fruits grown more than a century ago for one primary reason: All are grown from genetic clones of the original tree.

## CANNABIS, APPLES, WINE, AND GENETICS

What do cannabis and apples have in common? Well, they're both higher plants. Beyond that, they're both angiosperms. But what else? Both cannabis and apples are primarily vegetatively propagated for commercial purposes. In other words, cuttings are taken from both apple trees and cannabis plants to make genetic clones that are used for growing the next generation of plants. The key is all are clones of their mother plant. Granny Smith's apples taste the same a century later because today's apples and the originals are genetically identical.

The same thing happens with cannabis. You can go into a dispensary and purchase some OG Kush, and as long as that cannabis flower is derived from the same genetics, you will get a relatively similar experience each time you purchase OG Kush. Having said that, a lot of variables affect cannabis

floral quality regardless of genetics. This is similar to wine production. A 1997 Chateau Montelena Cabernet Sauvignon is going to be different from a 2018 Beringer Cabernet Sauvignon. Whether one wine is better than the other is subjective, but a lot of variables affect the flavor, aroma, and overall experience, which is why vineyards use genetically identical clones. As a cannabis cultivator, I am very interested in producing the same or similar product time and time again. Growing from vegetative clones is the strongest arrow in my quiver to help accomplish crop uniformity.

## WHAT ABOUT CLONES OF CLONES?

Remember the 1996 romantic comedy *Multiplicity* starring Michael Keaton? In the movie, Doug (Keaton) discovers he can clone himself so he can meet the demands of his busy schedule. Unfortunately, things take a hilarious turn for the worse when Doug's clone clones himself. Doug's clone's clones are not exactly up to the same quality as Doug or even his clone. They start wreaking havoc as the clone's clones can't function normally in Doug's world. They explain this by saying a copy of a copy is not as high-quality as a copy of the original.

As a whole-plant physiologist, I can assure you what happened in *Multiplicity* does not happen in the plant world. Taking clones





from clones that came from clones of the clones originally taken from the clones of the original mother plant works perfectly well in the plant world. Plants don't work like typical animals when it comes to an ability to reproduce. Plants are modular organisms that rely on something called totipotency to help them with vegetative propagation. Totipotency means any cell in a plant that is living can de-differentiate and re-differentiate into any other type of plant tissue. This makes sense in nature. What happens if an herbivore chews a tree down to its stump? The tree can't get up and run away to avoid herbivory; it must find another way to survive. It behooves the stump to change some of its tissue to differentiate into stem and leaf tissues that have been chewed away. This is all managed internally at the cellular level using internal hormone balances, but that's a different, more complicated discussion. Let's just take away from this discussion that plants can create roots or shoots from any living cell.

Plants have evolved to deal with the fact they are sessile organisms by becoming easy to propagate vegetatively. Some plants are better at this than others; for example, there's a plant whose common name is "Mother of Thousands," which is so named because it vegetatively propagates itself by creating plantlets on the margins of its leaves. The plantlets easily fall off and can grow to be independent genetic clones of the original mother plant. If you've ever grown

a Mother of Thousands plant or have seen them, you understand they are *very, very good* at vegetative propagation. Mother of Thousands clones go on to make genetic clones themselves. The clones of clones are not qualitatively different from the "original" Mother of Thousands. They are identical. Luckily, we cultivators can use this unique quality of all plants to our advantage by creating clones ourselves.

### **TIRED GENETICS?**


One of the great pleasures I've had as a nerd working in the cannabis industry is being welcomed onto people's farms to help them with their grows. On more than one occasion, I have come across farmers who said they had to retire the mother genetics because the genetics got "tired." Of course, I had to ask what they meant by genetics getting tired. Generally speaking, there was never a satisfactory response. Plant genetics don't really get "tired." So, why do we hear over and over again that cannabis moms' genetics get tired over time? "Tiredness" is not so much a function of genetics; instead, it usually indicates the mom is outgrowing her environment. The mom likely is rootbound, which diminishes her productivity. Additionally, as plants become woodier they become less likely to spawn viable cuttings, because tissues are less likely to de-differentiate successfully into stem cells. There is also a possibility of a shift in

epigenetics. A discussion of epigenetics could be the subject of another Ph.D. dissertation (which I am uninclined to pursue) but suffice to say a change in epigenetics can shift the expression of genetics. Having said that, a change in epigenetics does not equal a change in genetics. The plants remain genetically identical but may show different expressions. This has not been shown to be the case in cannabis, although it is a possibility.

Bottom line: Neither mother plants nor genetics get tired. A drop in cutting viability very likely is caused by rootbound mother plants or cuttings taken from woodier parts of the mom.

### **CLONES VS. SEEDS**

Whether a farmer propagates cannabis via clones or seeds depends on what the farmer seeks; neither propagation method is inherently better than the other. To produce a uniform crop, genetic clones are the way to go. To propagate a lot of plants (as in field-grown hemp), seed propagation is the way to go. Cannabis tends to be a rather heterozygous crop, so seed production will introduce a good amount of variability, which is why clonal production from moms or tissue culture is so widely used for large-scale cannabis cultivation.

There's a reason even Granny Smith practiced clonal propagation: It has worked for as long as mankind has cultivated plants. 

# Retail Technology Marches On

*Futuristic technologies may be the path forward for customer engagement.*



## IN WHAT WAYS IS ARTIFICIAL INTELLIGENCE AFFECTING RETAIL?

AI applications center primarily around marketing, inventory management, and predictive analytics. Hundreds of companies are offering AI services and consulting to retailers and operators in the industry, but perhaps those that are leading the charge are cloud computing operators including Amazon and Google. By integrating cloud computing and on-demand access with AI capabilities, applications are now within reach of virtually any operator big or small.

In the near future, as more applications for and capabilities around AI and [virtual reality] emerge, cannabis operators who prioritize the adoption of these technologies are going to enjoy a competitive advantage over those who are slower to adapt. Many capabilities already exist today to customize customer communications and drive loyalty as well as to optimize inventory and ordering. In the next five to ten years, the sophistication of those capabilities and ease of use are going to improve and costs are going to come down. In fact, much like CBD, we increasingly can expect to find AI baked into everything.

**Greg Shoenfeld, vice president of operations**  
*BDS Analytics | BDSAnalytics.com*



## HOW IS AUGMENTED REALITY CHANGING THE RETAIL EXPERIENCE?

I believe AR is going to be the biggest game-changer in the industry. Although Google

Glass appeared to come and go, the technology isn't going anywhere and will get better fast. AR is already in a smattering of shops through apps, but what will really change the industry is when 3D spatial computing becomes more readily available. Much better eyewear, like Microsoft's

mixed-reality HoloLens, is about to be released. The devices will provide an interactive experience of a real-world environment where the objects that reside in the real world are enhanced by computer-generated perceptual information, sometimes across multiple sensory modalities including visual, auditory, haptic, somatosensory, and olfactory.

In fact, I can see a day when dispensaries won't need budtenders. Consumers will be able to go in with AR specs and have up-to-date information, all the reviews, education, and original content available to them through spatial computing. I know it sounds very advanced, but the technology is here now and just needs to find its way to the marketplace. You will be able to have a fully 3D in-store cannabis retail experience that will blow minds.

**Neil Mandt, chief executive officer**  
*Mandt Media | Mandt.com*



## WHAT KINDS OF TECHNOLOGY ARE MOST BENEFICIAL FOR DISPENSARIES?

Investing in a system to communicate directly with consumers and capture consumer data, as well as loyalty programs, are key. Many consumers don't want to miss a deal and/or a fresh drop, but they might not care about the other 70 percent of content you send them. So, rather than annoy them, invest in smart software and communications strategy. We use SMS [text alerts] via Baker Technologies right now, but we're switching to springbig because integration is key. springbig integrates with I Heart Jane, while Baker does not. We use Mailchimp for e-blasts and have iPads in-store with our fabulous staff, who ask our shoppers if they want to sign up for SMS with us.

We went away from smart menus in the store, as we're heavily focused on the customer experience. Eco is for people who want to see

and smell the flower, browse and ask questions of our team, and not feel rushed. However, our menu is online, and we have the iPads. Express shoppers who know what they want can preorder online or self-serve in store. On our TVs, we like to play original content and videos we've created that feature our team and experience, as well as cool concepts we've dreamed up. We mix it up with cannabis-related TV—other cutting-edge shows that feature nature, sports, art, music, and cult-classic movies.

**Elise McRoberts, chief of brand strategy**  
*Eco Cannabis | EcoCannabis.net*



## WHAT SHOULD DISPENSARIES LOOK FOR IN POINT-OF-SALE AND INVENTORY SOFTWARE?

Today, being a dispensary owner is no different than owning a shoe or clothing store. Customers expect a superior, tailored experience and the highest quality products for the best prices. However, more often than not dispensary owners have neither the time nor experience to manage their POS and inventory-management systems. That's why having the right partner that understands the individual needs of dispensaries and can offer around-the-clock support is essential to both boutique and enterprise cannabis retailers.

Sadly, many of today's existing POS solutions deliver a jack-of-all-trades-but-master-of-none approach by providing the tooling and technology for the entire cannabis supply chain. However, you want to look for a platform that integrates and partners with some of the industry's best niche tech players across the supply chain from cultivation, payments, and customer loyalty to delivery, [human resources], advertising, and analytics. This approach empowers retailers to modernize their shops without having to cut corners or make sacrifices.

**Kyle Sherman, chief executive officer**  
*Flowhub LLC | Flowhub.com*





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**“We retired to Maine, and in the winter there’s not a lot to do. So, we were just thinking let’s start an Instagram account.”**

—420OLDFATLESBIANS

1

We have a lot of people direct-message (DM) us to thank us for being who we are and say they were able to either come out or be proud of their body, or that we inspired them to do something. And it’s very humbling. It’s just who we are. We actually read all the comments and read all the DMs and answer all of those.

2

### What’s the biggest challenge?

So many accounts, especially in the cannabis field, get deleted. We were going to do a promo for somebody who had spent six years building their audience, and all of a sudden, overnight the whole thing got deleted. We were shadow-banned for a while in the beginning, and we weren’t able to upload any videos until [Instagram] figured out we grew organically and didn’t have a bot or anything. If Instagram chose to delete us, would they be discriminating against us for our sexuality or age or weight? It’s not just the cannabis.

## Proud of Who They Are

Lee and Sue have built an audience of more than 80,000 Instagram followers with their daily video vignettes promoting a positive message of self-acceptance.

@420OLDFATLESBIANS



3

### What do you know now that you wish you’d known then?

**Lee:** I wish I knew that cannabis was okay, when I was a younger person, and that it was good for anxiety and pain relief.

**Sue:** She grew up a little bit differently than I did. I always since high school dabbled with it. But what I wish I knew is that when things seem heartbreaking or devastating or traumatic, it’s really only a brief moment in your life. Nothing lasts forever. You can get through it. Just keep your head up.

### NETWORK STATS

12

Years as soulmates.

120-ish

Their combined age.

45-ish

Combined years using cannabis.

Photos: 420OldFatLesbians



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