

THE BILLION-DOLLAR BRANDING OPPORTUNITY IN CANNABIS



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Introduction:

The Billion-Dollar Branding Opportunity in Cannabis

For years, cannabis has been associated with shady back-alley deals that happen after dusk.

Now, everything is changing. In just a few years, it will be as commonplace to walk into a dispensary and buy cannabis as it is right now to walk into a convenience store and buy beer.

Of course, that's why branding is going to be so important.

It's going to separate the winners from the wannabes, and the cannabis firms that get branding right stand to make early investors a lot of money.

As an example, we can start with a coffee brand everyone knows.

Greg Miller, the Executive Director of the *National Institute for Cannabis Investors*, is not a Starbucks person. He wants his coffee simple, cheap, and very high octane. For Greg, the ideal cup of coffee comes from a gas station and has been sitting on the burner for a few hours.

But here's the thing – he still likes Starbucks. Not because of the coffee. There are a ton of places that sell coffee.

He likes it because Starbucks is an incredible branding machine.

When a customer walks into a Starbucks, they know that they will be greeted warmly and the barista will add that nice personal touch by writing the customer's name on the cup.

And most importantly, Starbucks customers know that what they order is going to taste exactly the same whether the store is in a run-down strip mall or in the lobby of the most expensive hotel. The Seattle

coffee giant has earned customers' trust through branding. Most likely, when you think about coffee, you probably think of Starbucks.

Incredible branding is also why the company is now worth \$92 billion.

For cannabis companies to be known throughout the world, it's critical for them to follow a similar branding model. They need to offer quality and consistency throughout their products and series. Smart cannabis executives know this, and that's why we've seen more and more articles about companies trying to become the "Starbucks of cannabis."

"Canadian Company Seeks to Be the Starbucks of American Marijuana"

— The Cannabist

"It's Happening: Will MedMen Become the Starbucks of Weed?"

— Fast Company

"The Starbucks of Cannabis Is Coming, and They Want You Hooked on Luxury Weed"

— Garage

All three stories talk about different companies.

I'm here to tell you we aren't there – not quite yet. There just hasn't been enough time for cannabis companies to build brands that are associated with quality and consistency and have global or even regional recognition.

For cannabis enthusiasts, it's still the Wild West right now. The number of choices is overwhelming, and legal recreational cannabis hasn't been around long enough for most consumers to have a go-to brand.

But there's a bigger picture here we want to share with you. There won't just be a "Starbucks of cannabis."

It goes much deeper than that, and we want you to know where we are heading as cannabis investors.

You can mark our words that there will be companies battling it out to become the "Coca-Cola" of CBD-infused drinks, the "Apple" of must-own cannabis products, and the "Uber" of marijuana delivery services.

A cannabis beverage company needs to build trust in its brand by having all of its products taste the same. If a customer bought a Sprite in **California**, they would expect a Sprite they bought in **Colorado** to taste the same. Beverage companies also need uniform and attention-grabbing packaging, and they always need to have enough product to fill shelves.

For the “Apple of marijuana products,” a household name in vaporizers will emerge. Vapes will not only serve a primary function – like an iPhone does for texting and calling – but they will also have elegant designs and be seen as a status symbol (also like an iPhone).

For the “Uber of cannabis delivery,” this is a tricky market, but it could be a lucrative one. A cannabis delivery service needs to make sure it follows all state laws, has enough vehicles to always fill demand, and can pay an exorbitant amount of money to make sure vehicles are secure and drivers are safe.

It will make more financial sense for most dispensaries to rent out their deliveries to an Uber-style service that specializes in cannabis deliveries.

Again, we can’t stress enough why branding is so important in the cannabis industry.

That’s why we are going to share actual examples of the different types of branding strategies cannabis companies are implementing.

Any companies, products, or services that we mention should not be considered recommendations. Rather, our hope is that these examples will help you to both grow as a cannabis investor and gain a better understanding of different branding strategies in the marijuana market.

That way, you can be a better judge of whether or not a company has a chance for long-term success.

Part 1:

A Premier Cannabis Tourist Destination

Las Vegas is becoming a premier cannabis tourist destination, and if a marijuana firm has global ambitions, it needs to be in Sin City.

Having said that, there's a unique company we want to talk about today.

If you're visiting Vegas and want to check out the local cannabis scene, this should be the first place you stop.

Aside from having an aerial orb show, an 18-foot outdoor water feature, an LED interactive floor, and interactive laser art, this company strives to provide the best customer service. It's like walking into an Apple store: A knowledgeable staff is there to help you find exactly what you're looking for.

If you want a cannabis product that will help you fall asleep or one that will help you feel relaxed yet alert, a staff member will help you figure out the best products to suit your needs.

Right now, this company only operates in Las Vegas.

But if it gets its business model in Sin City right, big things could be on the horizon...

The Winning Vegas Model

The company we're talking about is **Planet 13 Holdings Inc.**

Aside from everything we mentioned earlier, Planet 13 is also working on building a coffee shop, a bistro/pizzeria, a customer-facing production facility, and a few more things to draw in a crowd. That's what really makes Planet 13 much more than a place to just buy cannabis.

In an age when it's hard to get people to visit a physical store,

Planet 13 gives even those who are just mildly curious about cannabis a reason to stop by.

And even for those who can't visit the store, this marijuana company has you covered.

It also offers a delivery service.

In Planet 13's most recent earnings report, the company said its "Superstore" is drawing over 3,000 visitors per day and generating over \$5 million a month in revenue.

For Q1 2019, revenues were \$13.8 million, compared to \$3.6 million from the same time a year ago. That's an increase of 286%. On top of the revenue jump, Planet 13 is also launching its own CBD brand.

Planet 13 is building an impressive business model in one of the most important marijuana markets in the country.

In terms of branding, its main focus is showcasing itself as a premier cannabis tourist destination. It's a bold branding strategy, but for Planet 13, it appears to be working.

Next, we are going to take a look at companies building high-end brands – as well as the concept that cannabis is about much more than just getting as high as possible for as cheap as possible.

Part 2:

Creating High-End Brands

In 2015, **Scott Campbell** and **Clement Kwan** founded **Beboe**, a company that's taken a different approach when it comes to selling cannabis.

The duo found that when Beboe was launched in 2015, a lot of customers were mainly interested in finding cheap products that could make them really high. However, Campbell and Kwan believed that there was a market for individuals who wanted to experience some of the effects of marijuana but still function in social settings.

"I only have time to get high once or twice a week so, in those moments, I don't want to waste that time on anything less than the best experience possible. I'm not interested in getting so high that I can't get off a sofa," Campbell told *Green Entrepreneur*.

This shows smart management and forward-thinking abilities.

Campbell and Kwan identified a need and created a market to fill it rather than waiting for the rest of the industry to catch on. They didn't wait to see what customers thought was best because oftentimes, customers just don't know what they want yet or what could be available to them.

Henry Ford has been attributed with saying that if he had asked people what they wanted, they would have said faster horses.

Again, identifying what people will want in the future or what is lacking right now and filling the void is something to look for when it comes to a brand.

With how things have played out, Campbell and Kwan have been awarded for their foresight.

In February 2019, **Green Thumb Industries** acquired Beboe for an undisclosed sum. As of May 2, 2019, Green Thumb owned and operated 18 retail stores and had licenses for 77 locations across the United States.

It is headquartered in **Chicago, Illinois**, a state that just legalized recreational marijuana use on May 31, 2019.

Beboe has an agreement to supply Barneys “luxury” cannabis storefront in California, giving Green Thumb access to a typically wealthy clientele.

The store-within-a-store located in Barneys, called **High End**, sells a weed grinder to grind cannabis flower down so it can be more easily smoked or used for baking. That will set you back \$1,475.

But that’s not what I want you to focus on.

The point is that just a few years ago, Barneys and the like would have run like rabbits from any association with cannabis.

Now look at where we are.

It all means we are heading full steam into cannabis normalization, which creates bigger profit opportunities than ever before.

Ultimately, we are also going to see other high-end department stores follow suit with luxury cannabis accessories, much like we have seen retail chains rush to sell CBD products. In fact, **Canopy Growth Corp.**, a company we’ve called the “Microsoft of cannabis,” bought the vaporizer company **Storz & Bickel**, which sells \$599 vaporizers.

There will be cannabis consumers who want cheap vapes and cheap cannabis, but there will also be those who prefer higher-quality products, even if it is just to show off the price tag.

Remember that cannabis is going to be just like any other industry, so there are going to be companies focusing on high-end brands.

It’s a market that is ripe for cannabis firms to try to dominate, so watch this space closely.

Part 3:

Creating Product Differentiation

There are a lot of different ways a company can make sure it stands out among the competition.

Interestingly, some cannabis companies are going the same way as food companies and focusing on creating organic products. Just like growing a tomato plant, a farmer can choose to do it organically or using chemicals.

Organic fertilizers have nutrients that come from organic sources that include vegetable and animal waste. Organic fertilizers are renewable and sustainable, and they are considered a more environmentally friendly option.

Of course, the problem with growing anything organically is that it can be expensive and can take a lot of time.

Also, without treating the plants with chemicals, farmers run the risk of bugs and insects eating their crops.

Non-organic fertilizers (chemical) are not considered environmentally friendly because they are not produced from renewable resources, and using chemical fertilizers can have a negative impact on the surrounding environment.

However, chemicals are used by some cannabis farmers to grow their plants because they are affordable, widely available, and can increase the growth and THC production of plants.

Ultimately, what a consumer prefers is up to them, and there are cannabis enthusiasts who want an organic offering.

One of the companies focusing on creating organic marijuana products is **The Green Organic Dutchman Holdings Ltd.**

The Green Organic Dutchman, or “TGOD,” says it is the global leader in cultivating premium, certified-organic cannabis. The company does not use synthetic chemicals or pesticides.

The Green Organic Dutchman’s products are certified organic by **Pro-Cert**, and its growing process is certified organic by **ECOCERT Canada**. Pro-Cert and ECOCERT are two of North America’s most recognized organic-certification bodies.

Part 4:

Cannabis Branding & Packaging

Another aspect of cannabis branding is the actual packaging.

Places like California are setting up packaging requirements to try to help prevent children from easily opening cannabis products.

As you may see in the news from time to time, there are instances when pets or young children have consumed cannabis products by accident.

This is a challenge that's a little more unique to the cannabis industry, but it's one that all successful cannabis companies will have to figure out.

Once they have the physical requirements needed to make the packaging compliant figured out, cannabis firms will then have to decide how they want to present their labels.

Just like how we talked about high-end cannabis in Part 2, some companies are creating sophisticated and classic looks for their packaging.

For example, **Van der Pop** is a Seattle-based luxury cannabis brand that was acquired by **Tokyo Smoke** in 2017. Since then, it has become a female-focused educational platform, but the Van der Pop website still sells cannabis and cannabis accessories.



Source: Vanderpop.com

You can see above how the company places an emphasis on artistic packaging.

The company also sells a very fashionable cannabis grinder.

Long known for being a cannabis enthusiast, music star **Willie Nelson** has gone a different route with his **Willie's Reserve** line. His site offers everything from edibles to glass jars for storing marijuana.

He has gone for a more rustic look, which fits his image as a country singer.



Source: Williesreserve.com

It's okay to have different visions and use different labels to draw people in.

But in order to be successful, a marijuana company has to be authentic and understand its target audience. If Nelson came out with a product that had a similar type of label as what Van der Pop offers, that wouldn't make sense.

If a company is based around using CBD or cannabis for sports and wellness, it should reflect that in its branding. It shouldn't have bland colors. It should be creating excitement.

If a company is promoting its products as something that can help people relax and fall asleep, it shouldn't use vibrant colors.

Part 5:

Putting It All Together

What's going to help separate you from other cannabis investors is understanding that this is an industry that is exactly like any other.

There are going to be big players and small players, and identifying who is going to make it big will help take your investments to the next level.

By now understanding how branding works, you will have a better chance at finding the next “Starbucks,” “McDonald’s,” “Apple,” or “Microsoft” of cannabis companies that is set to make it big.

Keep in mind that not every cannabis company is going to be a winner.

But if you find the “Amazon” of marijuana, you're going to have a huge payday.

We want to thank you for checking out this guide, and we hope you find it helpful in starting your cannabis-investing journey!

For more information on the *National Institute for Cannabis Investors*, you can access our [*website right here*](#).

To your investing success!

National Institute for Cannabis Investors

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