5 Ways Quarantine Has Changed the Cannabis Industry Forever



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7 hours ago
Key insights:

Stuck in quarantine for weeks on end and hoarding necessities, consumers have made their Covid-19 buying preferences extremely clear: toilet paper, frozen pizza, jigsaw puzzles and hand sanitizer.

For certain consumers, cannabis—once likely considered a discretionary purchase—has fast been added to that list, fueling an unprecedented green rush with record-breaking sales since lockdown went into force in March.

“Stocking up is the new norm,” said Roy Bingham, co-founder and CEO of analytics firm BDSA, with Brightfield Group finding that 57% of cannabis consumers say they have already stocked up, or plan to do just that.

Though the surge is welcome news for the industry, it doesn’t solve some of cannabis’ endemic problems. Heavily taxed but still federally illegal, weed businesses aren’t currently

receiving any government-backed bailouts or pay protection in the small business stimulus package (though lobbyists and a few legislators are trying to change that for future rounds of pandemic relief).

Many are also cash-strapped, having no access to bank loans while venture capital has dried up, and continue to be locked in heated battle with both their above-board competitors and dealers who continue selling illicitly.

Yet cannabis brands are finding reasons to be optimistic. Virtual events were big hits on 4/20, driving sales and building community, and major players in the industry are sharing lessons they've learned so far during the coronavirus crisis.

Here five key takeaways:

1. Cannabis shopping has likely been changed forever

The first major hurdle of the Covid-19 pandemic was securing "essential business" designation, which happened in the majority of the 33 states where cannabis sales are legal for medical patients and some of the 11 adult-use markets. The move, which put dispensaries on par with supermarkets and pharmacies, was groundbreaking, industry insiders say.

But doing business during coronavirus posed major challenges, namely the need to shift from traditional brick-and-mortar to online shopping, curbside pickup and contactless delivery.

Though they've had to navigate a patchwork of rules that vary by geography, many cannabis retailers pivoted quickly to meet local, county and state guidelines. Some have been required to switch to delivery-only, for instance, while some got clearance for the first time for curbside pickup and drive-thru. Others were given permission to keep their physical doors open if they followed strict cleaning and social

distancing protocols.

“As a consumer, you don’t have to wait in line anymore. And as a small business, you can digitize the experience.”
—Jane Technologies CEO Socrates Rosenfeld
Having now experienced what are often more convenient purchase options, consumers might never return to their pre-crisis cannabis shopping habits.

A poll from Ganja Goddess found 67% of respondents used delivery services pre-pandemic, rising to 84% after the start of lockdown. A Brightfield Group study, meanwhile, has showed that 34% of cannabis consumers plan to switch to some form of “click and collect” in the future. The number is markedly higher for millennials, at 42%.

Online marketplace Jane Technologies reported 85,000 new registered users and a 142% boost in online orders in March (that number shot up to a 216% increase on April 20). Execs at the platform, sometimes referred to as “the Amazon of cannabis,” think this is the new normal.

“As a consumer, you don’t have to wait in line anymore,” CEO Socrates Rosenfeld said. “And as a small business, you can digitize the experience, offer that convenience and curation and understand your consumer on a more meaningful level.”

Rosenfeld predicts that online shopping will rise from 30% of total category spending pre-quarantine to 80% in the next year, “serving as an incubator for what the future will hold” across a number of industries.

2. Diverse edibles and infused beverages are ready to go mainstream

Edibles and THC-infused beverages are having a moment, far sooner than industry experts had predicted, as consumers leaned toward alternatives to smoking.

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