This CBD Brand Paid People $3 via Venmo to Promote Its Post

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On Black Friday, Benjamin Witte, founder and CEO of CBD-infused beverage brand Recess, promoted his product on Instagram. The problem: Instagram prohibits brands from advertising products that contain the cannabis-derived compound cannabidiol, more commonly known as CBD.

“Any products that contain ingestible Hemp and/or CBD are not currently allowed, nor any products that allude to psychoactive effects,” a spokesperson at Instagram informed Adweek.

While this poses an obstacle for some marketers, Witte saw an opportunity. That morning of Nov. 29, Recess sent an email to its mailing list and published a post on its Instagram account asking readers to share the post on their Instagram story. If people provided a screenshot as proof of post, Recess promised to pay them $3 via Venmo.

“We can’t do paid ads because of hemp regulation so instead of paying Instagram to run ads we want to pay YOU,” read the post, punctuated by nearly 50 emojis.

Recess put aside $3,000 for the one-day promotion. By around 6 p.m. it was all gone, according to Witte.

Later that night, an anonymous person reported Recess’ post and Instagram took it down. The company also ran into daily payment limits on Venmo, and had to dispense the funds

throughout the weekend.

The stunt provided the results Witte wanted. Although Recess declined to disclose exact numbers, direct sales from that Friday were 591% higher than the daily average over the past month. We're told website traffic spiked 275%.

Those who participated in the event seemed to have fun with it, too:

"Obsessed with this brand," one user added to a story that shared Recess's post.

"How to market," someone else wrote in approval.

"I love free money," exclaimed yet another, after receiving $3 via Venmo.

"Everything we do at Recess is about generating earned media, word of mouth and buzz," Witte told Adweek. "The whole marketing strategy of Recess has been to create content and experiences, both digital and physical, that our community wants to engage with deeply and share with their friends."

Recess, which offers CBD-infused sparkling water in flavors such as Blackberry Chai and Peach Ginger, is part of a booming industry. Numbers from BDS Analytics, which tracks the cannabis industry, forecasts that general retail sales of CBD in the US will leap from $624 million in 2018 to $12.6 billion in 2024. That's an increase of over 1900%, and the statistic doesn't even include sales from dispensaries and pharmacies.

Market research firm Morning Consult published survey data last June showing that while 87% of US adults have seen, read or heard something about CBD, only 24% admit they have tried a product, such as chocolate or skin care, that contains the compound. In other words, there's room to grow.

Then again, CBD's sprint ahead might encounter hurdles if the Food and Drug Administration doesn't approve of substance as a

food additive. In late November, for instance, the FDA stated that due to a lack of scientific evidence, the agency couldn’t conclude that CBD is safe for consumers: “Many unanswered questions and data gaps about CBD toxicity exist, and some of the available data raise serious concerns about potential harm from CBD.” The FDA also sent warning letters to 15 companies for selling CBD products in an illegal manner.

Witte, whose company was not a target of the FDA review, said the federal move is more about flushing out “bad actors” who are misleading potential customers with exaggerated claims in the quickly evolving CBD industry.

Another obstacle companies like Witte’s face is the ban on advertising through more traditional means. But Witte doesn’t seem to mind. If anything, his Black Friday stunt points to grey area between what’s considered official advertising and what’s not, and the difference between a bona fide influencer and a regular user who accepts cash to influence others.

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Pages: 1 2

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