

Marketing Memorandum for Cannabis Media Company [REDACTED] “Insider Guide” State Reports

The legalization of cannabis in the United States is occurring progressively at the state level. Cannabis legality differs in every state and, with each election cycle, becomes legal in differing forms in more states. With such legal variation among states, prospective participants in the cannabis industry must approach each state as its own jurisdiction, each with its own rules, strengths, and weaknesses. Would-be industry participants, to enter and maintain a presence within a state’s cannabis market successfully, must be knowledgeable about not only the state’s cannabis laws and regulations but also the nuances of operating within the state.

[REDACTED] has a significant opportunity to provide state-specific information to current and prospective cannabis industry participants. The U.S. legal cannabis industry is notoriously regulated—some would say over-regulated—and mistakes or oversights can be very costly (financially and otherwise). Credible and complete information about a state’s cannabis industry is not only scarce but extremely valuable to industry participants; as such, it commands a price premium. In addition, the costly nature of entering the cannabis market in any state requires current or prospective market participants to be very well-capitalized.

All this is to say that the price point of the [REDACTED] state reports is not what drives the purchase decisions for the reports. Prospective buyers are much more likely to purchase a [REDACTED] research report based on their awareness and opinion of [REDACTED] itself.

Target Customers

The target customers for the [REDACTED] research reports are prospective participants in a state’s cannabis industry. The prime target is Multi-State Operators (MSOs)—large cannabis industry participants already successfully operating in other states—that desire to expand their operations to new states. These target MSOs may operate within one or more segments of the value chain—comprised of cultivation, extraction or processing, testing, and retail sales—and may be publicly or privately owned.

Another target customer group is well-capitalized corporations already operating in the state in industries that are tangential to the cannabis industry, such as hospitality and tourism. Such corporations may desire to begin participating in the cannabis industry but feel limited by their lack of cannabis industry knowledge, even in states in which they are already doing business. In Nevada, for example, major hospitality and tourism companies could benefit from participating in the cannabis industry but likely are not knowledgeable about exactly what that would entail. Target customers such as these would need to be approached with an additional level of care, since some may harbor ongoing reservations or concerns about the federal illegality of cannabis.

Certain demographic groups, to a lesser extent, should also be targeted for research report sales. The prime example is Native American tribes, such as those in Nevada, which are exempt from paying taxes on all sales made on their reservations. Native American tribes are

well-positioned to benefit from the cannabis industry but may not be informed about cannabis laws and regulations, either proposed or already in effect, within their states.

Marketing Strategies & Tactics

The visibility and credibility of [REDACTED] as a publication is the most important factor influencing sales of the state-specific research reports. Increasing cannabis industry participants' readership of [REDACTED] is likely the most effective strategy to drive sales of the research reports. Readers of [REDACTED], who are already aware of the publication and consider it informative and credible, are more likely to purchase the research reports than industry participants who have never heard of or read [REDACTED].

As an established publication, [REDACTED] can best promote sales of the research reports by growing its subscriber base, with an emphasis on adding subscribers who are also target customers for the research reports. [REDACTED]'s free weekly newsletter can heavily promote the availability and usefulness of the research reports without detracting from the experience of reading the newsletter itself.

[REDACTED] can pursue a number of tactics to grow its subscriber base, with an eye toward selling more research reports. Since the primary target customer is MSOs, [REDACTED] needs to both make itself highly visible to MSOs and present itself to MSOs as a primary source of industry information. MSOs that are aware of [REDACTED] and value the information that it provides will be the most inclined to purchase the research reports.

[REDACTED] can raise its profile in the cannabis industry by a combination of approaches. Online, [REDACTED]'s visibility is of paramount importance. [REDACTED] can adhere to SEO best practices by optimizing and improving both its website and newsletter. [REDACTED] can attract MSOs to its website and generate report sales by prominently featuring the research reports on its website, in addition to featuring more informational resources on the website. [REDACTED] has an opportunity to become more visible to MSOs by creating a section within its website that profiles the information that an MSO would typically evaluate when considering which new states to enter. By focusing on the most relevant keywords and phrases within this section of the website, [REDACTED] can ensure a high degree of visibility for Google searches conducted by MSOs. To maximize report sales, [REDACTED] should aim to be visible for as many of the internet searches conducted by MSOs as possible. High search-engine visibility increases both repeat exposure to [REDACTED] and the number of opportunities that [REDACTED] has to convert a prospect into a subscriber and report-purchasing customer.

More broadly, [REDACTED] can better position itself as an informational hub by adding more depth and breadth to its website. In addition to the existing content, the [REDACTED] website could include resources such as calendars of events, directories of industry participants, more organized classification of the news, news archives, etc. The purpose of adding informational resources such as these would be to present [REDACTED] as a credible and prominent source of cannabis industry information. MSOs are more likely to purchase research reports if they view [REDACTED] as a comprehensive information resource.

To maximize online visibility, [REDACTED] can also aggressively grow its presence on all the major social media platforms. In addition to an organic presence, [REDACTED] may choose to further enhance its visibility by paying to advertise itself and its research reports. The most viable platforms for paid advertising include social media, Google, and cannabis industry trade publications.

[REDACTED] can also make a concerted effort to build relationships within the cannabis industry, with an emphasis on MSOs and other target customers for the research reports. The primary mode of outreach for this relationship-building effort would be emails and phone calls, supplemented by in-person meetings on an opportunistic basis. The stated premise for the relationship-building effort could be improving the content of [REDACTED]'s newsletter and website to better address MSOs' key interest areas and pain points, with an unstated goal of selling research reports. [REDACTED] can perhaps leverage the industry relationships of its Council members to partially facilitate the relationship-building effort.

[REDACTED] could further augment its market presence for the purpose of selling research reports by attending, and perhaps presenting at, cannabis industry conferences. A presence at conferences would both raise industry awareness of [REDACTED] and facilitate the development of valuable industry relationships. [REDACTED] can consider focusing particularly on cannabis conferences in states for which [REDACTED] has prepared research reports, plus states with more developed cannabis industries where the plant is already legal. Large conferences in Las Vegas, such as MJ Biz Con, could be a prime target.

Suggested Improvements & Additional Service Offerings

The research reports could be improved by making them more data-heavy and less anecdotal in nature. The reports could be lengthened significantly by preserving all the existing anecdotal information plus adding more numerical data and analyses. [REDACTED] could improve the perceived value of its reports by featuring well-sourced data early in each report, followed by industry participant profiles, interviews, and other supporting information. This data-focused structure would serve to better position the anecdotal information in a more useful context.

Following the introduction, each research report could clearly present the laws and regulations that have already been passed in the state. The report could then summarize how the regulatory regime functions within the state, and include the names and contact information for the relevant regulatory entities. Each report could additionally contain web links to application forms and any state-sponsored resources available online. For states with legislation still pending, the proposed laws and timelines could be clearly presented and explained. For all states, [REDACTED] could list the cannabis advocacy or informational groups operating within the state along with each group's contact information.

The reports could provide more specific information about which MSOs are already operating in the state, with details about the specific activities of each MSO, to the extent that such information is reasonably available. For publicly traded MSOs, the reports could summarize

financial and operational performance information for each. As an additional service offering, for customers that have purchased a report but desire even more information, [REDACTED] could potentially form client consulting relationships to provide more in-depth, up-to-date research. Such consulting projects could be customized to each specific client's needs and include detailed analyses of the cannabis value chain in the state. Depending on the interests of the client, a consulting research project could provide more substantive information about the growers, extraction or processing companies, testing companies, and retail sales companies operating within the state. [REDACTED] researchers could provide even more extensive details on certain aspects of the value chain, such as the prevalence in the retail segment of sellers of dry flower, tinctures, oils, and edibles. Developing customized client consulting relationships with the research report purchasers is a lucrative way for [REDACTED] to further enhance its credibility in the cannabis information marketplace.

The research reports themselves could focus more heavily on the topic of banking since money management is notoriously a challenge for cannabis industry participants. Beyond just anecdotes, the reports could provide information on which banks (or types of banks) most often serve the cannabis industry. Ideally the reports would provide resources to help cannabis industry participants seeking to enter the state to effectively overcome their banking challenges.

Each report should include a formal conclusion that broadly summarizes all of the information contained within the body of the report. For each report, the risks and benefits of operating within the state, and the minimum cash requirements, could be more clearly summarized.

Other Considerations

[REDACTED] should closely consider how it can best position itself as a publication to maximize sales of the research reports. [REDACTED] needs to further strengthen its position as a news and information site; this can largely be accomplished by better organizing its existing content in addition to incorporating other types of informational resources into the newsletter and website.

[REDACTED] should consider these important questions:

- How does the perception of [REDACTED]—its website and newsletter—influence the perceived credibility or value of its research reports?
- How do [REDACTED]'s strengths—large existing subscriber base, support from its advisors, etc.—provide a strong basis for generating research report sales?
- How do [REDACTED]'s weaknesses detract from the potential for research report sales?
- How can [REDACTED] best position itself to increase readership by the target customers for the research reports?

Conclusion

[REDACTED] has an immense opportunity to provide valuable state-specific information to current and prospective cannabis industry participants. [REDACTED] can effectively generate report sales by leveraging the reputation and positioning of [REDACTED] itself. To maximize sales, [REDACTED] should increase its overall visibility in addition to augmenting the newsletter

and website to better serve target customers of the research reports. By strengthening all aspects of the [REDACTED] platform, in addition to pursuing a comprehensive array of marketing tactics, [REDACTED] can simultaneously increase its subscriber base and generate revenue by sales of research reports. The magnitude of sales of the research reports rests greatly on the strength, positioning, and visibility of [REDACTED] itself.