

How To Design a 360-Degree Cannabis Retail Experience

CANNABIS IS A FAST-GROWING industry that faces uniquely thorny issues, but with the right tactics, dispensaries can reap a healthy harvest in their retail business operations.



We Are Creative Fabricators



ROOTED IN OVER 35 YEARS

of craftsmanship, creativity and innovation, we work with restaurants to create an unforgettable customer journey, both in-store and outside. As experienced storytellers, we have mastered the art of communicating and fostering your brand through an emotional connection to the restaurant environment.

A single-source leader in design, value-engineering, fabrication and implementation, we can utilize your existing program — or design a new one — and create a flexible, value-driven visual communication package that can easily be duplicated, kitted and rolled-out, or inventoried for later, effectively setting you up for continued growth.



330 Washington Avenue
Carlstadt, NJ 07072

800-203-0301 | 201-528-2700
www.vgsstudiod.com

The cannabis industry in the U.S is thriving, and most likely, even greener days are ahead. Medical marijuana—the principal form of cannabis sold in the U.S.—has never been more popular for treating common medical conditions ranging from epilepsy to chronic pain.

AND DON'T FORGET RECREATIONAL MARIJUANA: CHANGING ATTITUDES AND POLICIES ARE RAPIDLY MAKING ADULT-USE MARIJUANA AVAILABLE IN MORE STATES THAN EVER.



Altogether, given that the market is expected to be worth as much as \$72 billion by 2030ⁱ—a dramatic increase from \$13.6 billion in 2019ⁱⁱ—opportunity is blooming.

Unfortunately, so is competition. Specific numbers are hard to come by, but everything indicates a rapid increase in the number of dispensaries over just the past few years. Recent statistics suggest somewhere around 7,500 to 8,500 licensed dispensaries operating in the U.S., and that may be an undercount.^{iii iv} After all, employment in the cannabis industry increased by over 75% just between 2020 and 2022.^v It's likely the number of retail establishments has similarly increased.

And that's only the first of several challenges facing cannabis retailers. Though marijuana products enjoy growing support among Americans, confusion,

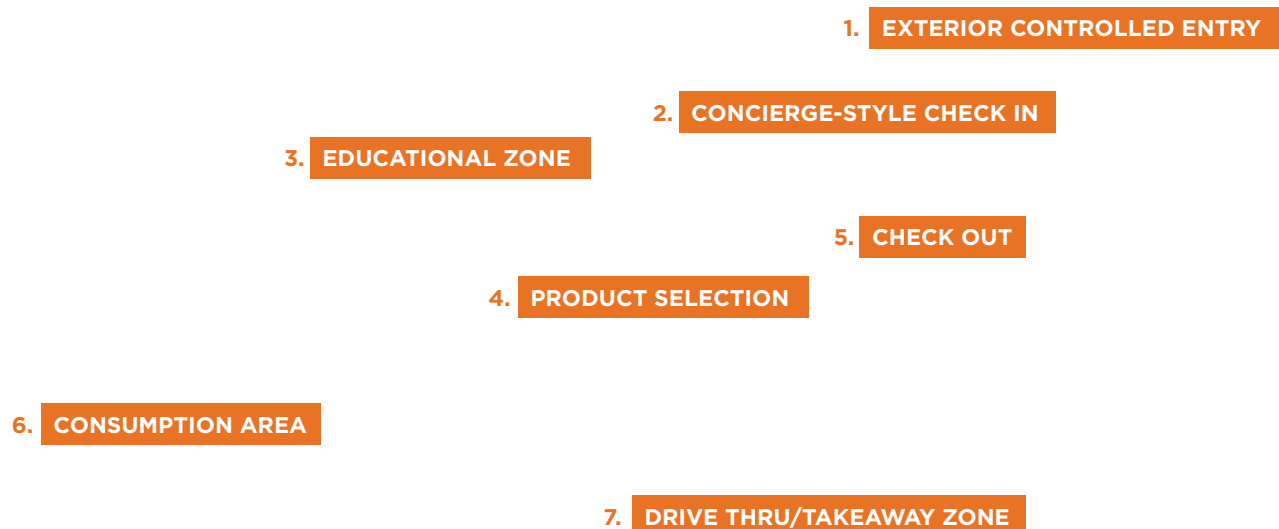
skepticism, and hesitancy also endure. That's partially due to an inconsistent patchwork of regulatory and legal controls that make it hard for consumers to know what's legal in what places.

These challenges make it equally hard to know how to optimize retail sales. They also make it more important that cannabis retailers take a 360-degree approach. That means if you want to (1) successfully stand out from competitors while (2) simultaneously threading the needle of complicated regulations and (3) presenting clear messaging to consumers about product offerings, you have to start the retail experience before customers even arrive and keep them engaged at every step of the customer journey...

HERE'S HOW.

Think In Zones

ONE TRUTH IS UNIVERSAL IN RETAIL: PEOPLE DON'T JUST WANT A PRODUCT; THEY WANT AN EXPERIENCE. EVERYTHING FROM PRODUCT PACKAGING TO STORE DESIGN IS FUNDAMENTAL TO GETTING VISITORS TO REMEMBER THE ALL-ENCOMPASSING EXPERIENCE AROUND THE PRODUCT, NOT JUST THE PRODUCT ITSELF.



To that end, breaking the retail experience into zones offers opportunity for engaging with the customer, creating a continuous sequence of branding and storytelling opportunities, and making more sales.

Even better, because most dispensaries and retail shops under-utilize many of these storytelling points, they also offer superb opportunities for differentiation from competitors.



1. Exterior Controlled Entry

Security is always a concern, plus many municipalities require access controls to prevent certain populations (e.g., minors) from entering. At the same time, you want the entry to be welcoming and inviting to guests. It takes skill and creativity to accomplish both goals at once.



2. Concierge-Style Check-In

A dedicated area for helping guests with pathfinding can ease an intimidating experience, while simultaneously enforcing controls to comply with access requirements. Colorado, for instance, limits product displays to specific areas whose access is strictly limited.



3. Educational Zone

Many operations tend to conflate customer education with product selection. However, this can overwhelm the canna-curious and the canna-cautious. Ultimately, education needs to be a central pillar of any cannabis-related marketing/sales effort. Given that it's a way to both differentiate competitively and counter misinformation and customer preconceptions,



4. Product Selection

Clarity is king here, and too many retailers cause too much confusion with their selection and purchase procedures. Often, guests will select their desired product prior to check-out, but if selection, payment, and fulfillment are separated without clear guidance, it can confuse, distress, and sometimes result in lost sales.



5. Check-Out

Too many operations treat payment and check-out as the end of the customer journey, when in fact check-out and exit are the perfect opportunity to reassure, invite future visits, and reinforce brand messaging.



6. Consumption Area

Though relatively rare, the hot new trend for dispensaries is adding “bar and lounge” type areas where guests (subject to local regulations) can sample products.



7. Drive-Thru/Takeaway Zone

Though clearly subject to local regulations regarding exterior signage and access, a dedicated drive-thru and takeaway area can potentially increase throughput and capacity while giving consumers a way to engage and purchase discreetly, a potentially game-changing way to reach the canna-cautious.

Think in 360°



Branding is Paramount in Every Zone

360 degrees means thoughtfully, intentionally engaging with your customer everywhere they step or look. In fact, creating a connective experience with customers rests on understanding what your target market wants and continuously giving it to them at every opportunity.

Create Flow

From the parking lot to the interior, throughout the store and out the exit, stores should be compelling customers through a single, continuous journey that flows frictionlessly from start-to-finish. Similarly, the physical shop may need to flow into and out of the dispensary's ecommerce operations. A 360-degree approach makes sure everything is aligned and working together seamlessly.

Control Guest Interactions

Almost every state has some kind of access controls. Locked cases or cabinets can ensure adherence to appropriate regulations while protecting against mischief and giving the retailer the ability to shape customer experience. This is another reason to think of the customer journey in zones: separated areas are a great way to control access and make sure the customer follows a pre-defined, well-branded journey through the store.

Take Special Care with Displays

State laws on handling cannabis product vary widely. For example, Alaska will let guests smell the product, but only if separated from the product by a mesh screen. Others entirely disallow customer interactions with products. Regardless, clever tactics ranging from scratch-and-sniff kiosks to LED digital displays can increase engagement while staying in compliance.

Success for dispensaries and other cannabis retailers will ultimately rest on how effectively these operations make their customers feel immersed in the brand. People want an experience.

That means retailers should try to design their stores, package their products, and elevate the experience so that guests remember the whole visit, not just product purchase.

The only way to do that is by thinking through the full customer experience, all 360 degrees of it, and intentionally designing an experience through which architecture, layout, branding, zoning, and regulation all dovetail beautifully.

To some extent, that's necessary; complex compliance regimes mandate well-considered retail design. But to fully engage through 360 degrees of the customer experience, you must think deeper, through all the subliminal cues and multisensory experiences that can shape and influence not just the guests' experience but also their choices.

When you do that through clever and evocative design, dispensaries and similar retail establishments can create a compelling and engaging customer experience that dramatically increases satisfaction and, ultimately, sales.



VGS / Studio D

Online

www.vgsstudiod.com
info@vgs-inc.com

Offline

330 Washington Avenue
Carlstadt, NJ 07072

Phone

800-203-0301
201-528-2700

SOURCES:

- ⁱ <https://www.businessnewsdaily.com/15812-cannabis-industry-business-growth.html>
- ⁱⁱ <https://www.investopedia.com/articles/investing/111015/future-marijuana-industry-america.asp>
- ⁱⁱⁱ <https://www.othersideresource.com/how-many-dispensaries-are-there-in-the-us>
- ^{iv} <https://www.canix.com/blog-posts/how-many-dispensary-licenses-are-in-the-us>
- ^v <https://www.leafly.com/news/industry/cannabis-jobs-report>

The information contained in this paper is for generalized informational and educational purposes only. It is not designed to substitute for, or replace, professional business advice. You must not rely on the information in the report as an alternative to professional business advice from an appropriately qualified professional. If you have any specific questions about any relevant subject matter, you should consult an appropriately qualified professional. VGS / Studio D does not represent, warrant, undertake or guarantee that the use of guidance in the report will lead to any particular outcome or result. The views and opinions expressed in this paper represent the opinion of the author(s) and do not necessarily represent the views or opinions of VGS / Studio D. Copyright © 2022 VGS / Studio D. All rights reserved.



330 Washington Avenue
Carlstadt, NJ 07072

800-203-0301 | 201-528-2700
www.vgsstudiod.com