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HEADY

A Crash Course in Cannabis Advertising

2023

Getting Started with Cannabis Advertising: Strategies That Work

For a long time, cannabis brands and retailers had limited options when it came to advertising and marketing. As the industry has evolved, new opportunities have emerged, giving companies more choices than ever before to reach new customers and build brand awareness. In this guide, LeafLink, which offers B2B cannabis advertising solutions and Heady, a leading B2C cannabis advertising company, explore the do's and don'ts of running successful advertising campaigns in cannabis.

Many cannabis businesses seem to think that investing heavily in business-to-consumer (B2C) platforms or relying on programmatic ads are their only options. However, a recent survey of over 1,000 cannabis operators revealed some key insights into the strategies that are working for companies today.

**Data referenced below was collected from a 3-week survey run in October 2023 by Heady and LeafLink that gathered over 1,000 responses from cannabis operators.*

Digital Marketing is Critical

The vast majority of cannabis brands and retailers surveyed believe digital marketing is essential to their success and dedicate significant resources to it. Even brands with limited resources recognize its importance.

Cannabis is unlike many other industries that have ample ways of letting potential customers know about their products and offerings. Every year, advertising options expand, but when compared to other industries, cannabis advertising can still seem limited. That means that investing in your website and search engine optimization (SEO) is key to improve online visibility, attract more visitors, and enhance overall user experience. By optimizing your website for search engines, you increase the chances of ranking higher in search results, making it easier for potential customers to find you and ultimately boosting your online business success. **Over 88% of the brands surveyed are focused on maximizing their SEO efforts.**

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MAXIMIZING THEIR SEO EFFORTS.**

Growing Your Email List Matters

Out of the brands surveyed, a staggering 99% are prioritizing growing both business-to-business (B2B), and direct-to-consumer (DTC) email lists. By reaching subscribers directly, businesses can deliver relevant content and promotions, increasing conversions and sales.

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Building an email list is valuable for customer loyalty and trust. Regular newsletters with high-quality and useful information foster community and establish brand authority, which is especially important in a crowded market. This consistent, valuable content keeps subscribers engaged with your brand.

Email lists provide valuable customer insights too. Data is a key driver in making more informed decisions and by analyzing metrics, it can be translated to improved marketing strategies. Some ways of growing email lists include giveaways, promotions, and customer engagement. As the list grows, always be mindful of the quality of the subscribers. Oftentimes as a list grows larger and larger, it may decrease in quality, so consider doing a yearly evaluation of where it stands and if the list needs to be cleaned up. Subscribers who haven't engaged or opened emails in a certain timeframe could be removed.

Paid Media Options Are Expanding

While online platforms like Weedmaps, Leafly, and LeafLink remain popular choices for advertising at scale to highly segmented audiences, new options like billboards, stadium advertising, and bridge advertising are growing in popularity and allow brands to reach customers in innovative ways. **Over 20% of survey respondents are exploring Out-of-Home (OOH) advertising.**

**OVER 20% OF SURVEY RESPONDENTS ARE
EXPLORING OUT-OF-HOME (OOH) ADVERTISING.**

Since cannabis is, for the most part, very regionalized, these alternative OOH methods offer unique opportunities to capture attention in unexpected places and build brand awareness. With strategic planning and creative execution, OOH media offers an exciting way to build a strong customer base.

Maximize Marketing Success with KPIs, Quarterly Planning, and Timely Product Launches

Maximizing marketing success hinges on effectively measuring key performance indicators (KPIs), adopting a strategic quarterly planning approach, and carefully timing product launches. Brands utilize a wide array of KPIs such as clicks, views, followers, cost per acquisition (CPA), and website traffic as vital benchmarks to fine-tune their marketing strategies with precision. **When surveyed, only 49% of respondents track engagement metrics (clicks, views, reshares), 40% measure leads, and only 22% are measuring website traffic.**

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By diligently tracking all metrics, brands gain valuable insights, enabling data-driven decisions to propel their business forward. Quarterly planning allows brands to assess outcomes, pivot accordingly, and embrace new tactics or optimize those that are performing best.

Advancing Marketing Attribution in Cannabis

Decoding Attribution Models and Channels

As digital marketing tools and concepts continue to evolve, attribution modeling remains a cornerstone concept. This powerful tool allows marketers to pinpoint which touchpoints or channels are contributing to a conversion, providing better insights into how to optimize marketing spend and strategy. This is especially important for cannabis since many businesses rely on small teams that need to do more with less time and limited budgets. Below, we take a deep dive into various types of attribution models, the importance of attribution when reviewing advertising performance, and the various ad channels available to cannabis brands.

Demystifying Different Attribution Models

To make sense of the role each touchpoint plays in the customer's journey towards conversion, let's dissect three common attribution models in the cannabis industry: **Footfall Attribution, View-Through Attribution, and Last Touch Attribution.**

✔ Footfall Attribution

Footfall attribution is the bridge between the digital and physical world. It measures the impact of digital advertising on in-store visits, tracking the number of people who see an online ad and then visit a brick-and-mortar store. For businesses with physical locations, this model serves as a valuable tool in understanding how online advertising drives offline actions, equipping them to gauge campaign efficacy.

✔ View-Through Attribution

View-through attribution credits a digital ad when a user sees it (without clicking on it) and later converts. This model acknowledges that while not every user may click on an ad immediately, the ad might still influence their decision. By capturing the value of impressions and brand awareness generated by ads, this model offers a more holistic view of a campaign's impact.

✓ Last Touch Attribution

Last touch attribution assigns the entire conversion value to the last touchpoint the customer interacted with before converting. Because it's a simplified model, it might not paint the complete picture if a user saw multiple ads or interacted with various channels before converting. However, it can be useful for businesses with a linear customer journey.

The Importance of Attribution Windows

When discussing attribution, it's essential to consider the attribution window. This refers to the time frame in which a user's actions can be credited towards a conversion or sale. Attribution windows should be adjusted based on the marketing channel and/or media, you will also want to consider what the primary goal of your campaign is - B2B or B2C sales?

If your goal is to target B2C sales, you might want to put an attribution window of as little as 15 days (or less) in place. Think about your own purchasing habits, are you shopping for products 30 days out? Nope! It's very much "spur of the moment" in cannabis, however if you can get impressions on someone that is about to make a purchasing decision, you CAN influence them to buy your products over your competitors.

On the flip side, if your goal is B2B sales then attribution windows should be opened up greatly, as a matter of fact - you can **almost** forget about attribution windows altogether because converting a B2B lead into a customer takes patience and time. Your hope is to influence B2B leads overtime by showing them relevant content, warming them up to your brand and products, and then having them book a meeting (and eventually closing a deal). This process can take 30, 60, 90 days, and sometimes even longer to turn a lead into a valuable, loyal customer. But that is okay, because B2B marketing is a long game and should be treated as such.

With different channels and touchpoints playing varying roles in the customer journey, having a flexible attribution window allows for a more comprehensive understanding of how each touchpoint contributes to the overall conversion. This can inform future marketing strategies and budget allocations, leading to better ROI.

Why Understanding Attribution Matters

Attribution models are more than just theoretical constructs. They have practical implications for businesses, from optimizing marketing spend and understanding the customer journey to measuring ROI and avoiding misinterpretation of data. Moreover, understanding which touchpoints are most influential in the customer journey can assist businesses in developing long-term strategies that cater to these channels or interactions.

As you're looking at how best to spend limited budgets, and stay lean -- make sure to get opinions from a few experienced cannabis digital marketing shops. If you aren't an expert, it's unlikely you'll end up spending dollars wisely by feeling around in the dark. So get multiple proposals from folks who are experts. Even if you end up doing everything in-house, you'll get a chance to see a few different POVs on what would be most impactful to invest in.

Exploring the Advertising Landscape for Cannabis Brands

Navigating the advertising landscape in the cannabis industry can be challenging, given the limited channels available for brands. Based on our experience with clients, we recommend different channels for retailers and brands. Retailers can find success with Google Ads, while brands may benefit from Jane Sponsored Rows and LeafLink wholesale ads.

SEO vs. SEM: A Comparative Analysis

Cannabis brands should also consider the balance between SEO (Search Engine Optimization) and SEM (Search Engine Marketing).

SEO is like planting seeds in a garden; it takes time to grow, but the results are long-lasting. With SEO, brands optimize their websites and content to rank higher organically in search engine results. It involves strategies like keyword research, website and blog optimization, and link building. Over time, the efforts pay off with sustainable and cost-effective visibility.

On the other hand, SEM is like flipping a switch; it provides immediate visibility and results, but it comes with ongoing costs. With SEM, brands can place ads on search engine result pages and pay for each click via tools such as Google Ads and Display. It's a great way to boost visibility instantly and target specific keywords or demographics.

To maximize effectiveness, cannabis brands often leverage both SEO and SEM. They use SEM for immediate visibility, especially when launching new products or running time-sensitive promotions. Meanwhile, they invest in SEO to build a long-lasting presence in search results and establish credibility among their target audience.

By striking the right balance between SEO and SEM, cannabis brands can achieve a comprehensive digital marketing strategy that drives visibility, traffic, and conversions.



Measuring Success in Cannabis Marketing

In the cannabis industry, where benchmark metrics are limited, it's vital to understand how each marketing channel measures performance. Something as simple as measuring "revenue" attributed to a campaign can be counted in different ways. For example, if you're investing in Google as part of your digital advertising strategy, it is crucial to have a solid Google Analytics foundation that tracks conversions and goals, so that you have a better idea of what results you're seeing out of your campaigns. By doing so, businesses can garner a wealth of customer demographics, including gender, age, location, and product interests, equipping them with the insights needed to tailor their marketing strategies effectively.

In conclusion, attribution modeling, a well-thought-out choice of advertising channels, and a balanced approach to SEO and SEM, combined with an in-depth understanding of how success is measured, can pave the way for cannabis brands to thrive in the digital marketing space.

B2B Advertising on LeafLink

The Basics of B2B Advertising

Cannabis operators should consider a multifaceted approach to their advertising and not just one audience. There needs to be investment in all three types of advertising to have a competitive and successful strategy.

For B2B advertising, reaching licensed dispensary decision makers with the intent to purchase is crucial, and a well-planned, consistent ad campaign can help achieve multiple goals, from building brand awareness to driving sales. Brand recall and data-driven insights play a pivotal role in securing success in the competitive cannabis market, ensuring that businesses remain competitive and adapt to the ever-changing landscape.

When launching any and all advertising campaigns, the first step has to be identifying goals. Are you looking to build brand awareness, drive more first-time orders, increase product sales, or perhaps all three? Most businesses look to accomplish multiple goals, so they need to invest in multiple types of ads such as sponsored email blasts, search ads, and display ads that run consistently and serve each part of the funnel. The secret to driving long term brand awareness is staying in front of the target audience over a longer period of time (3-6 months). On average, 5 to 7 brand impressions are necessary before someone will remember your brand.

Building Brand Awareness and Cultivating a Strong Market Presence

Whether you have a strong foothold in a market or are expanding into a new one, the ability to generate website, menu traffic, and increase sales relies on buyers knowing the brand, and most importantly, remembering to look for them.

LeafLink Display Ads and Featured Brand Ads work hand in hand to establish brand awareness and build top-of-funnel leads. To create a powerful ad campaign, we recommend running 2-3 ad units simultaneously: one to focus on building brand recognition and another with visually captivating content that allows customers to explore the essence of the brand.

Measure impressions and clicks to understand where there's a need to pivot the strategy and refresh the content, and keep in mind that each impression is one less sales trip to a dispensary. LeafLink offers click-through data for advertisers to gain insights into which retailers are interested in their brand. This valuable information can be shared with the sales team, serving as a leads list to facilitate effective follow-up opportunities.

Secure Brand Recall to Make a Lasting Impression

Elevated brand presence is a major part of business success. Brand recall is what sets a brand apart from competitors and keeps customers coming back for more. With a Search Ad, retailers seeking new products and brands can easily discover a brand, and brands can drive middle-of-the-funnel leads. With **more than 60% of purchase orders on LeafLink starting from a search**, building up brand awareness and brand recall is invaluable to an advertising strategy.

**MORE THAN 60% OF PURCHASE ORDERS ON
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Additionally, consider implementing cost-effective, yet impactful advertising, commonly referred to as Cost-Per-Click (CPC). With CPC, advertisers pay only when users click on their ads, making it a budget-friendly approach that ensures optimal return on investment (ROI).

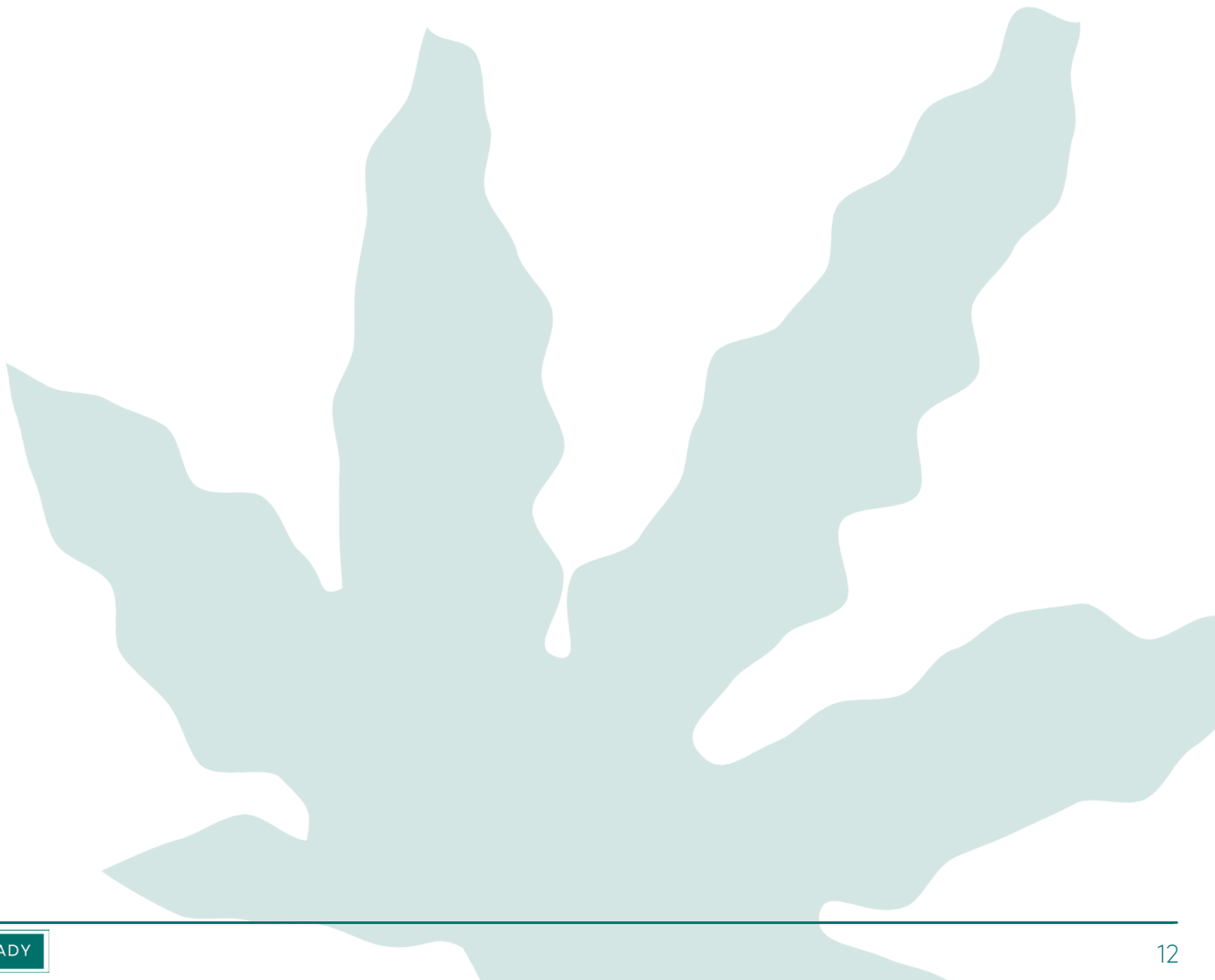
On LeafLink, you can bid on your brand name or specific product categories, extending reach to customers who haven't purchased yet, while re-engaging current customers. By assessing clicks and impressions, brands can determine if their bidding on the right terms, to ensure effectiveness of the overall marketing strategy.

Uncovering Ad Trends with Data

Don't forget the data! Tuning into data through ad reports and metrics to better understand performance is not the only data needed to build a winning advertising strategy. Advertisers need to implement business and industry insights to ensure they know their audience and audience's purchasing habits.

There are many data products out there that can help brands dig deeper into overarching industry themes and insights. LeafLink offers two data products to help customers better understand the everchanging cannabis landscape.

Drill into product sales data with myBI. How are the products advertised currently selling? Which stores stock the advertised products now, and which retailer relationships should be nurtured? Zoom out to a market view with MarketScape, access rankings at the brand and product category levels against competitors. Both of these features are available with a LeafLink Premium subscription.



Conclusion

The evolving landscape of cannabis advertising offers numerous strategies and approaches for businesses to thrive in this rapidly growing industry. As the cannabis market continues to expand and mature, it's crucial for brands and retailers to stay ahead of the curve and adopt effective advertising strategies that resonate with their target audience. By following the do's and avoiding the don'ts, cannabis businesses can navigate the challenges and opportunities of this industry to thrive and continue their growth in the digital marketing space.

About Heady

Heady is a full-stack digital marketing agency focused on the cannabis industry. Our pragmatic playbooks for brands & retailers shrink costs, kickstart growth, and maximize existing resources – to give companies a better foundation for long-term success.

About LeafLink

LeafLink is the industry's wholesale platform. Easily and efficiently sell, ship, pay, get paid, advertise and drive margin. LeafLink is live in 30 markets with over \$5B in annual orders.

