

Which Brands are Winning Over Canadian Cannabis Consumers?

June 2020 Report



Introduction

Cannabis 2.0 has brought branding to the Canadian Cannabis market. Licensed Producers (LPs) are now able to expand their brand portfolios to target specific consumer segments with unique messaging and product positioning.

First, a recap of what has happened in Canada.

The Cannabis Act took effect on October 17th, 2018 and permitted the legal sales of adult-use cannabis. The regulations highly limited the types of cannabis products legally available to consumers on Canada's market. The second phase of legalization, dubbed Cannabis 2.0, has allowed for a variety of new classes of product to enter the market, including concentrates, infused items, and topicals. In early 2020, the full scope of this range of items was beginning to hit store shelves and continues to expand.

Cannabis 2.0 also brought a wide range of branding and marketing restrictions; cannabis companies are federally restricted in the ways they can design and promote products. Despite this, brands have made significant progress in addressing market gaps and consumer needs.





The Canadian market is experiencing a turning point. Industry players have primarily focused on raising capital, but this has not inherently translated into strong customer relationships. As the market becomes more consumer-centric, brands must focus on developing a deep understanding of the competitive landscape and consumer behavior to stay relevant and ensure they don't risk being seen as a commodity.

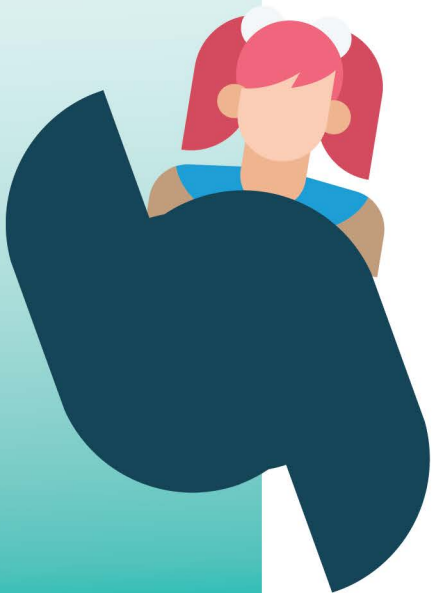
How successful have LPs been in connecting with consumers?

By understanding consumer behavior across the purchase funnel alongside key satisfaction metrics, we are able to analyze the health of the Canadian brand landscape.

Methodology

N = 3,000 Canadian Cannabis users, collected Q1 2020. This data is collected on a quarterly basis using an independent panel provider and is balanced on age, gender, and geography according to public Canadian population data. Our team of researchers use this data to diagnose gaps in brand health and identify forward-looking trends.

Awareness & Conversion



Who is Getting in Front of Consumers?

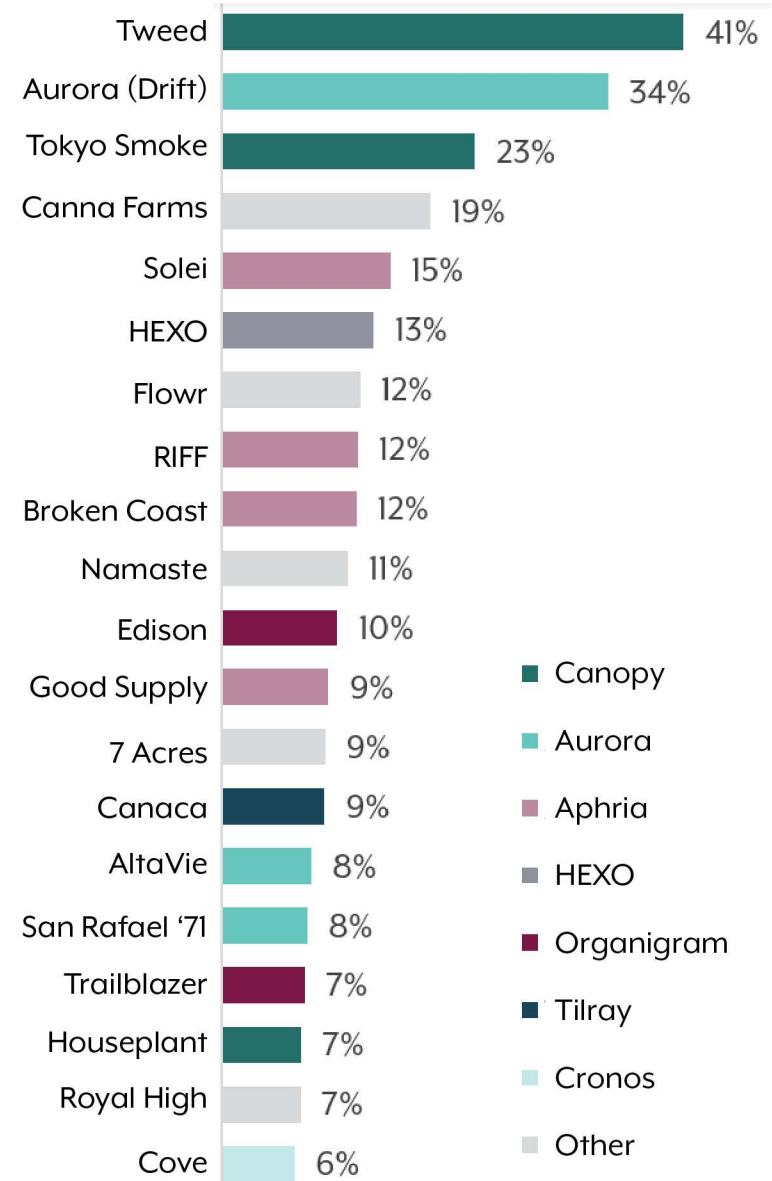
The Canadian adult-use market is still very young and Cannabis 2.0 is even younger. Consumers don't know what to expect from the brands and products launching before their eyes. Tweed and Aurora (Drift) have the widest brand awareness, indicating that market leaders have been able to translate their capital and size into consumer awareness. However, this is all relative, as brand awareness as a whole is quite low in the category.

No brand has more than 41% recognition among current cannabis users, while the vast majority have between 1% and 15%.

When product options increase and brand awareness remains low, consumers get confused. They can get decision fatigue when they do not see a product that aligns with their complex purchasing decisions. This has led to a significant gap between consumers aware of Canadian brands and those that report purchasing them.



Top 20: Brand Awareness



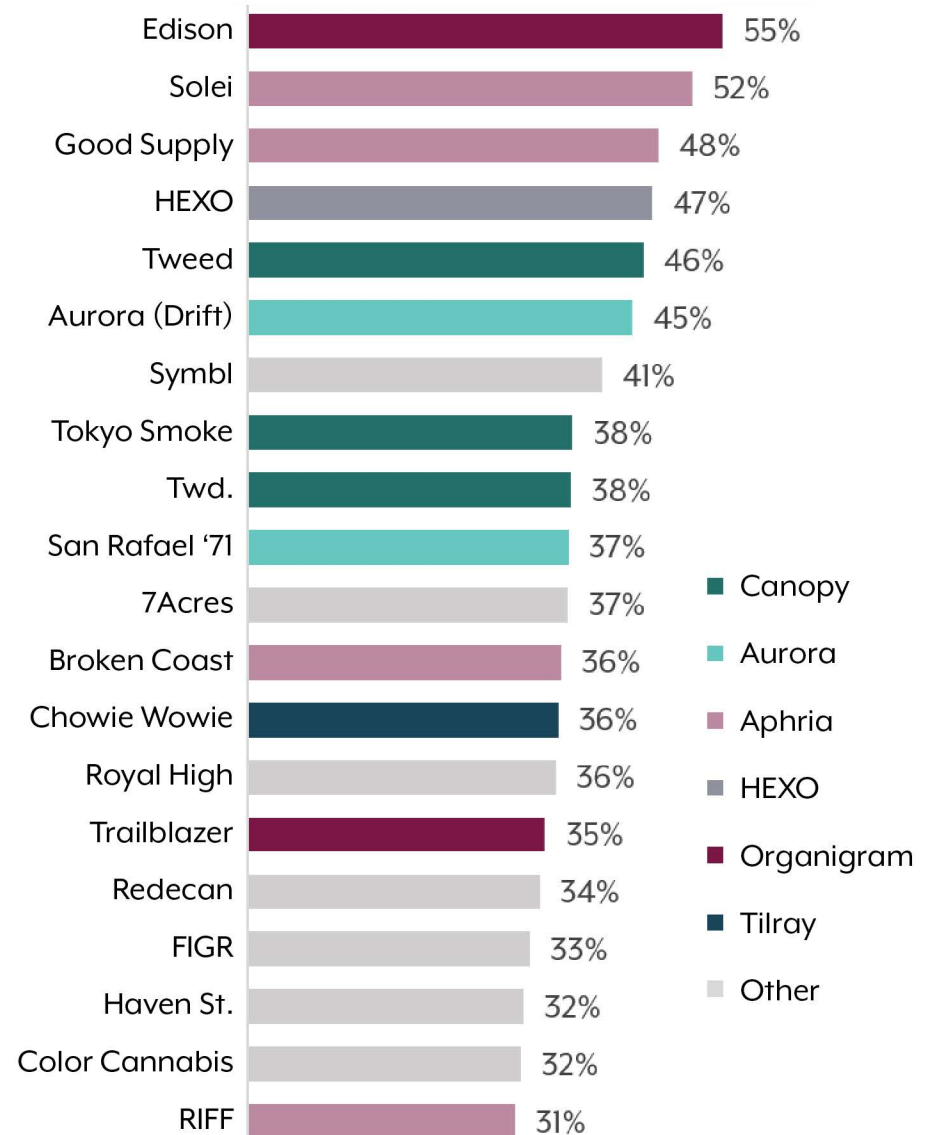
Who is Converting Consumers?

Consumers entering the Cannabis 2.0 market are flooded with options to buy; when they do see brands they are aware of, a deeper brand connection may be absent. Consumers are left deciding based on price and not by brand name, packaging, or the glowing review from a friend. This leads to a rocky purchase funnel with large drop-offs from awareness, to consideration, and to purchase.

While marketing dollars and a continued media presence are getting high profile brands into the minds of consumers, Organigram and Aphria are outperforming Canopy and Aurora when it comes to converting awareness into purchase. Edison, Solei, and Good Supply are resonating the most with consumers and are the most successful in converting consumer through the pipeline from awareness to purchase. This is a strong indicator that these brands may be able to make gains and attain market leadership in the mid-term.



Top 20: Awareness to Purchase Conversion



Targeting the Right Consumers

About our Personas

We have conducted a segmentation of the market, identifying groups of consumers thinking about and using cannabis in different ways, and want different things out of their cannabis experience. As part of our brand health data, we match relevant survey respondents to defined consumer personas.

Our quarterly syndicated surveys on cannabis consumers have been collecting for over 2 years, resulting in a rich knowledge base of over 30,000 US and Canadian users.



Who is Successfully Targeting Consumers?

Canada's market is evolving, and consumers are not satisfied with one-size-fits-all models. Expanding brand strategies - from premium 2.0 products to classic, cheap bud - play differently with different consumer groups. Seen below, Aphria's Good Supply is a hit with Typical Stoners, while Tilray's Canaca over indexes among Newbies, and Aurora's AltaVie is playing well with Microdosing Mamas.

PERSONA PENETRATION

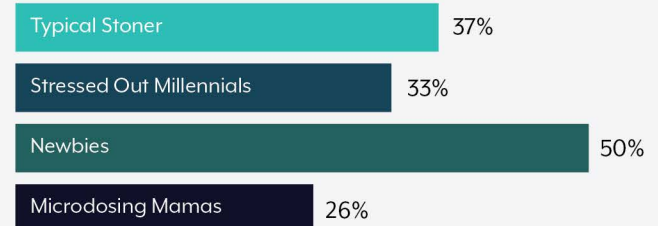
Good Supply (Aphria)

Budget-friendly prices paired with a commitment to quality are strong hooks for the Typical Stoner. Fun, colorful brand imagery (along with low price) helps the brand appeal to Millennials



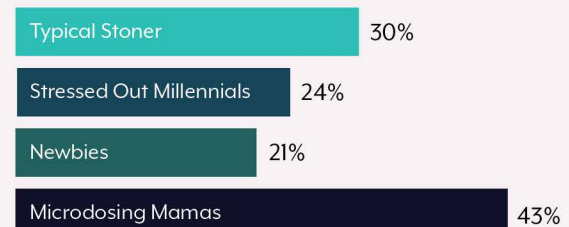
Canaca (Tilray)

Easy to use formats like pre-rolls and disposable vapes are accessible for those new to cannabis. A simple image with an emphasis on Canadian heritage is a comfortable entry point for newcomers.



Alta Vie (Aurora)

Premium flower with high CBD strains and an uplifting message to "awaken" and "live in the now" performs well with a more niche female audience looking for an elevated experience.



Many brands are solely targeting the Typical Stoners (heavy consumers) while others are focusing on newer, higher end occasional users. LPs with a diverse portfolio are at a greater advantage. They can hedge against valuable but small consumer segments, such as luxury consumers, while still diversifying their product offerings and increasing the chance for market share gains.

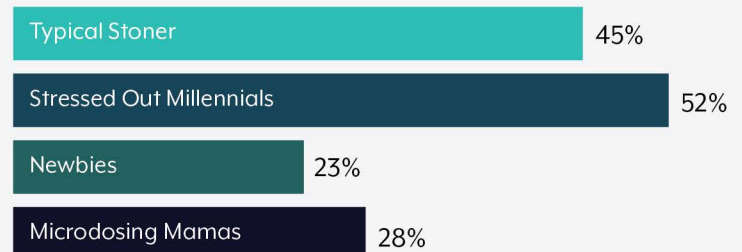
Aphria, for example, has successfully picked up several consumer segments with diverse brands. Good Supply is very strong among Typical Stoners. RIFF also performs well among the mainstay of Typical Stoners, but outperforms even more so among Stressed Out Millennials. Solei has found a strong audience among Microdosing Mamas and is also picking up a fair share of Newbies.

PERSONA PENETRATION

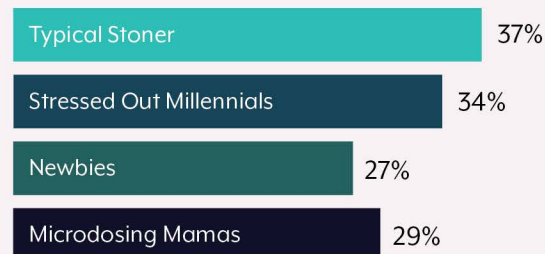
Good Supply



RIFF



Solei



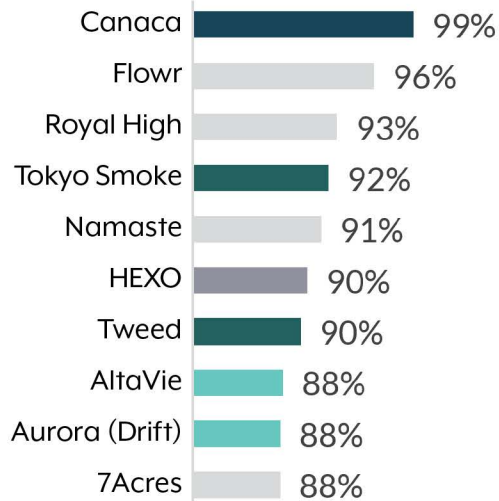
Turning Happy Customers into Brand Advocates



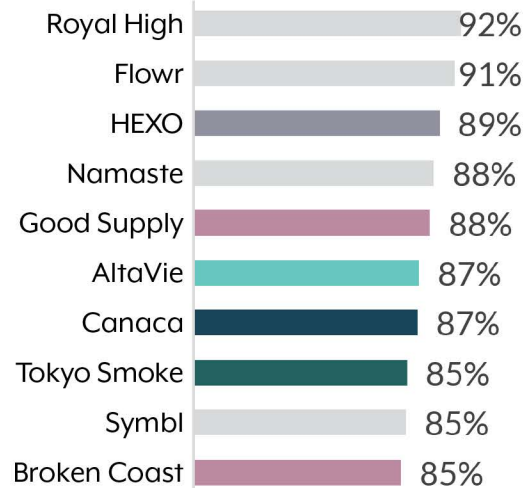
Loyalty, Brand Promotion, and Satisfaction

Among top 10 purchased brands

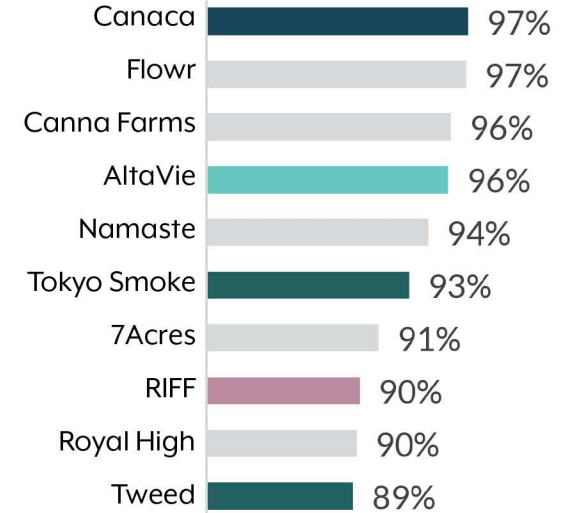
Likely to Purchase Again



Likely to Recommend to Others

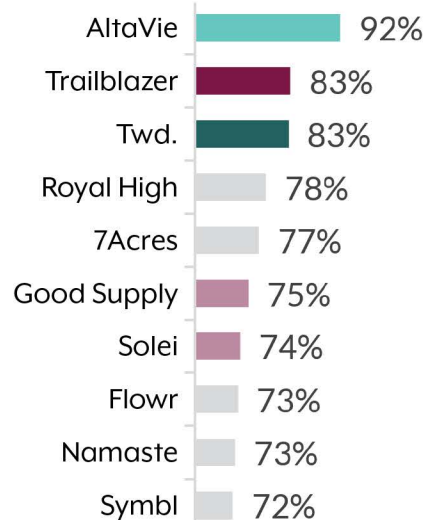


Overall Satisfaction

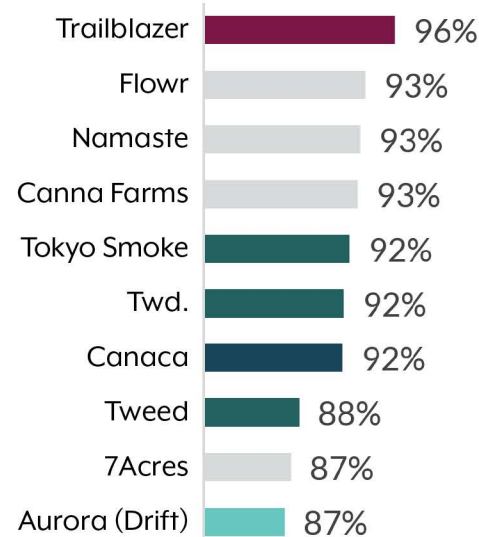


- Canopy
- Aurora
- Aphria
- HEXO
- Organigram
- Tilray
- Other

Satisfaction with Price



Satisfaction with Effectiveness





Who Delivers on Key Satisfaction Metrics?

Analysis of the top 10 purchased brands shows that many of the most notable LPs have a ways to go in terms of satisfying consumers and converting shoppers into brand loyalists and promoters. Flagship brands from industry players, like Canopy (Tokyo Smoke and Tweed) and Aurora (Drift, AltaVie), rank among the top 10 in terms of likelihood to purchase again. There are, however, smaller brands gaining traction - like Canaca, Flowr, and Royal High. Overall, consumers are more likely to recommend smaller, less known brands to their friends and family.

Tilray is doing well with its Canaca brand, with almost all purchasers (97%) indicating they are satisfied overall, and 92% saying they are pleased with the effectiveness of the brand to deliver the desired effects. These high ratings earned the brand the top spot in likelihood to purchase again, with 99% of purchasers stating they are likely or very likely to choose the brand on a future shopping trip. However, Canaca still suffers from low brand awareness, with only 9% of Canadian cannabis consumer recognizing it. Bringing more shoppers into the top of the funnel with marketing efforts is likely to lead to conversion through the funnel as those who have tried the brand are very satisfied.

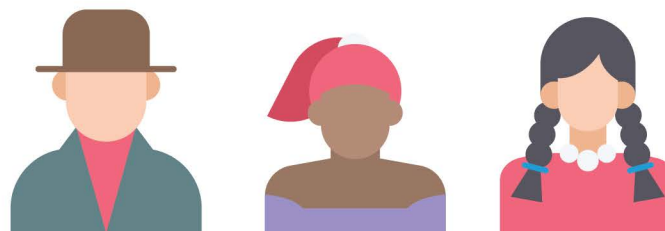
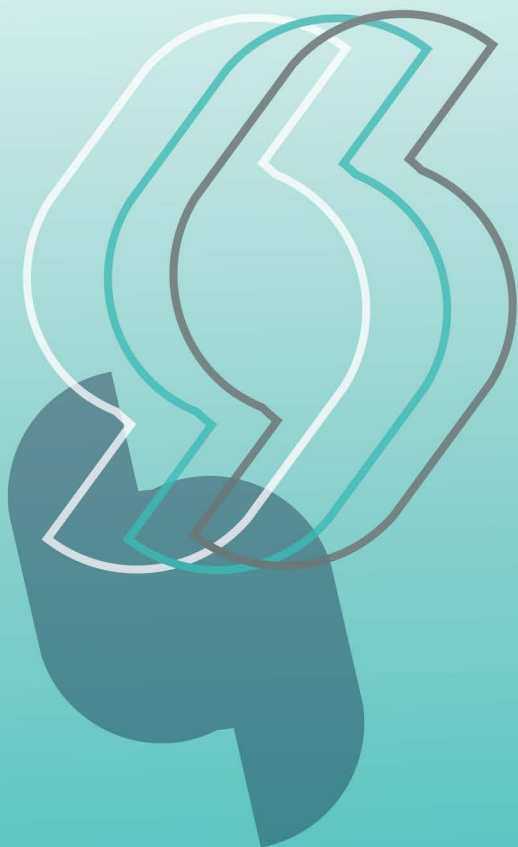
Other brands are finding that success in one measure does not necessarily translate into brand loyalty or advocacy. For example, Trailblazer from Organigram ranks well on price and effectiveness, but lags behind top competitors when it comes to likelihood to purchase again and recommend. As consumer expectations ramp up, brands will need to be aware of the complete package that they are offering to consumers, from availability in local dispensaries, to price, packaging, and taste/smell that provides an elevated consumer experience.

Tokyo Smoke captures a robust blend of cannabis personas from Typical Stoners, to Millennials, to Newbies and is doing well at keeping this broad range of consumers satisfied. The brand ranks highly in satisfaction with effectiveness and overall satisfaction, leading to high likelihood to purchase again as well as recommend to others. Tokyo Smoke has room to improve on satisfaction with pricing, but this is an opportunity area across the industry. It is not unusual for an industry in transition to experience price sensitivity as consumers adjust their expectations and brands test pricing strategies.



For Now, It's Anyone's Game

Initial brand health data shows the market is ripe for disruption and the size of the company does not directly relate to consumer awareness, purchasing or satisfaction. Consumer-centric models, further aligned with larger CPG segmentation strategies, will continue to evolve in the Canadian cannabis market as brands seek to better meet consumer desires and expectations. Companies and brands best able to capture consumers with different needs – from mood and occasion to shoppers at different places in their cannabis journey – will have the best chance at driving robust and incremental sales. Furthermore, innovation in product format, features, and positioning will serve not only to hook new users but sustain the interest of and generate new excitement among core groups of heavy, legacy consumers that drive the market.





What Now?

The Brand Health Checklist





Understand how your brand performs with consumers and how you rank against the competition.



Honing in on specific personas and consumer segments informs a wide range of brand, product, and marketing strategies. For example, heavy users and new users are attracted to different sets of brands. Broken Coast Cannabis and CannaFarms skew towards heavy users while Canaca and Tweed are more likely to attract Newbies.



These segments have their own unique expectations of cannabis brands and could be looking to your competition to deliver the products they enjoy.





Diagnose what your brand is doing well and where you're falling down.



This is essential in identifying which direction your marketing team needs to go.



Low awareness? This means you need more big-ticket marketing to get your name out there.



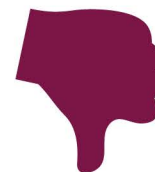
Weak conversion from consideration to purchase? This means you are losing at shelf and could lead to more relevant in-store activations.



Can't convert customers into loyalists? This means you are not leaving your customers delighted, which could be an issue with the quality of your product or misaligned expectations for consumers.



Key satisfaction metrics can also be an indicator of brand performance and used as a marketing tool to convert consumers.





Identify your core consumers.



The strongest brands will have a consumer-centric approach. They actively build a connection with their core consumer segments.

Ask yourself:

Who have you been trying to target?

Are you effectively reaching those consumers? Why or why not?

What is the overall value of the consumer segments you are targeting?

Who are you competing against for these consumers?

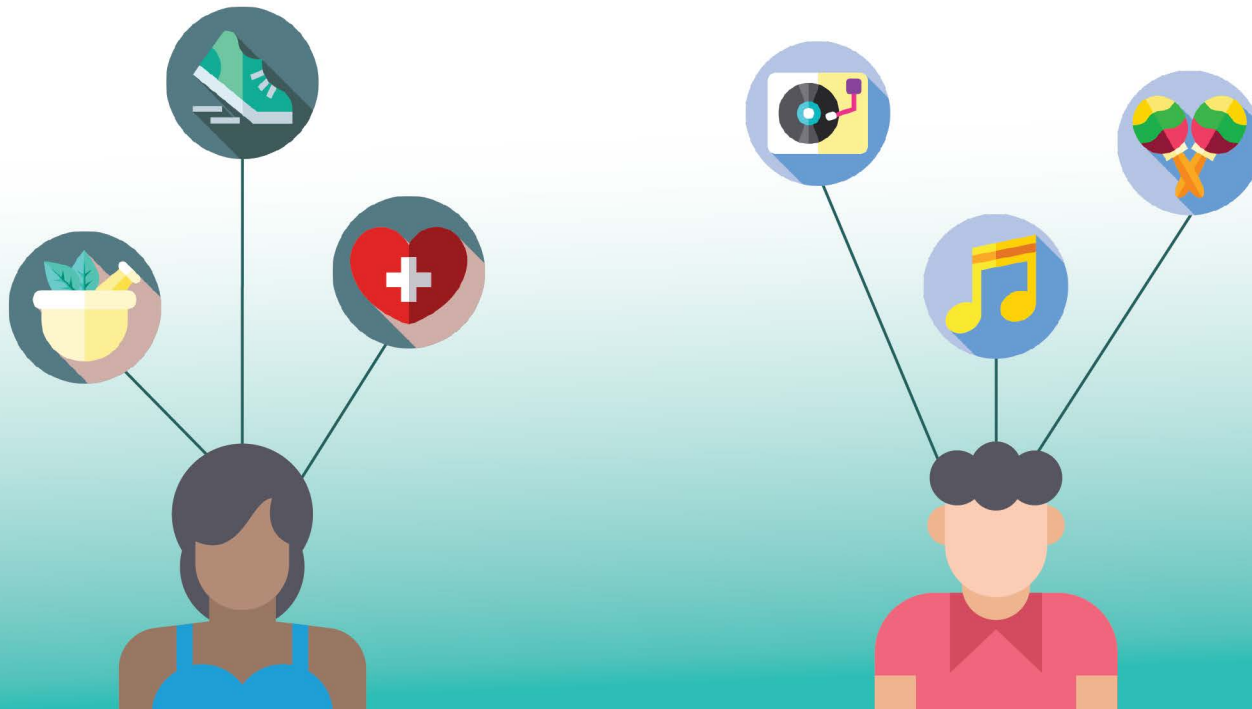
Are there other consumers groups that offer significant opportunities that you are missing?



Create consistent feedback loops with cannabis consumers to make the right brand adjustments.



As consumers grow more complex, their perceptions of brands change. By keeping tabs on how consumers feel about your brand, you can prevent wasted budgets filled with mis-aligned messaging and irrelevant marketing.



**To learn more about our Canada Brand Health portal,
[request a demo here.](#)**

Diagnose brand roadblocks and delight your customers with interactive data on:

Funnel metrics across Awareness, Consideration, Purchasing, and Loyalty

Persona penetration across top brands

Brand social listening

Key satisfaction metrics, brand descriptors, and Net Promoter Score

We're Brightfield Group, and we provide consumer insights and market intelligence for the CBD and Cannabis industries. Fusing intelligent machines with real human analysis, we help you navigate the dynamic CBD and Cannabis markets as data-driven storytellers.

With us, you don't just get the numbers; you get a trusted partner, providing a robust picture of the landscape and an actionable plan for the road ahead. See what we can do for you at

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