
Measuring your Brand Health— Critical Data You Can't Live Without

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What is Brand Health and How is it Measured?

- Brand Health is essentially a group of metrics that illustrates how your brand is performing in the market and how it is contributing to your brand's objectives. These Brand Health metrics start with the basic brand funnel (Brand Awareness, Brand Purchase, and Brand Repeat Intent, also known as Loyalty). Each of these metrics is important and reveals important aspects of your brand's health. Additional metrics specific to your brand are also captured, like meeting expectations, satisfaction on specific attributes (e.g. price, taste/smell, etc.), willingness to recommend the brand and brand associations.
- Brightfield Group tracks brand health through quarterly surveys among category users. These surveys capture their category behavior, brand awareness, brand use and feeling about those brands they're using. Comparing these metrics over time periods and versus other brands in the market, brands can learn exactly how their brand is performing in the market.
- At Brightfield Group, we currently track Brand Health for the US Cannabis Brands, US Cannabis Retail, Canada Cannabis and US CBD markets quarterly, interviewing thousands of consumers each quarter. We've been tracking the Cannabis industry since 2019. We know how challenging the market is and how different tracking performance can be from other consumer packaged goods.

A note on the Cannabis Market

As the cannabis market matures, it is natural for people to want to compare it to other Consumer Packaged Goods (CPGs). Unlike typical CPG brands, where most people have the same ability to access and have exposure to brands and marketing, an **individual's behaviors**, shopping location, geography, experience level, product-type preference and openness to new experiences all **impact their knowledge and awareness of the marketplace and brands**.

While a few aspects of marketing Cannabis are similar to other CPGs, **most elements of the marketing process differ** in rather important ways. This difference impacts all the "Seven P's of Marketing":

- 1. Product:** Features, unique selling points and the overall quality of product
- 2. Promotion:** Methods used to promote the product across multiple channels
- 3. Price:** The long-term pricing strategy of the product in question
- 4. Place:** Where people find your product, learn about it and, ultimately, buy it
- 5. People:** The people who encounter your target customers (e.g. Budtenders)
- 6. Process:** Your methods for delivering the product to customers
- 7. Physical evidence:** Tangible items and experiences for customers

Cannabis Consumers	Other CPGs Consumers
<ul style="list-style-type: none">• Behaviors and buying patterns impact exposure to brands, subtypes, and understanding• Singular exposure location (e.g. Cannabis stores/dispensaries) and most consumers visit only one• New Category with minimal historical knowledge for most• Non-users/new users have no awareness of the marketplace	<ul style="list-style-type: none">• Equity in access and exposure to most categories, regardless of behaviors• Multiple exposure locations (e.g. Grocery, neighborhood markets, mass merchandiser)• Historical knowledge of category• Non-user awareness of major brands and categories



Why Knowing your Brand Health is important?

- The “What” vs. The “Why”
- Competitive Benchmarking
- Who are my buyers?
- Trend watching
- SWOT Analysis
- Brand Saliency



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The “What” vs. The “Why”

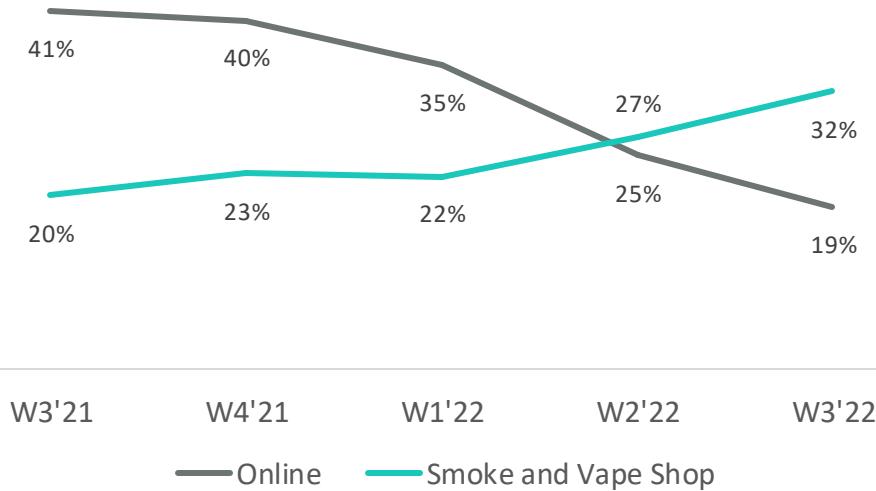
Sales data tell you what is happening at the shelf at any given time—Brand Health trackers can tell you why this is happening and what you may be seeing in the shelf in coming quarters.

Brand Health can answer key questions like...

- Who are you gaining/losing share from?
- How have your user groups changed or shifted?
- What habits do your users have that are driving these changes?

Decline of purchasers buying CBD online corresponds with the increase in smoke/vape shops—CBD brands highly dependent on online sales will want to consider how this changing environment will affect future sales and distribution strategy

CBD Online & Smoke/Vape Shop Channel Purchaser Penetration



Source: CBD Brand Health W3 2022

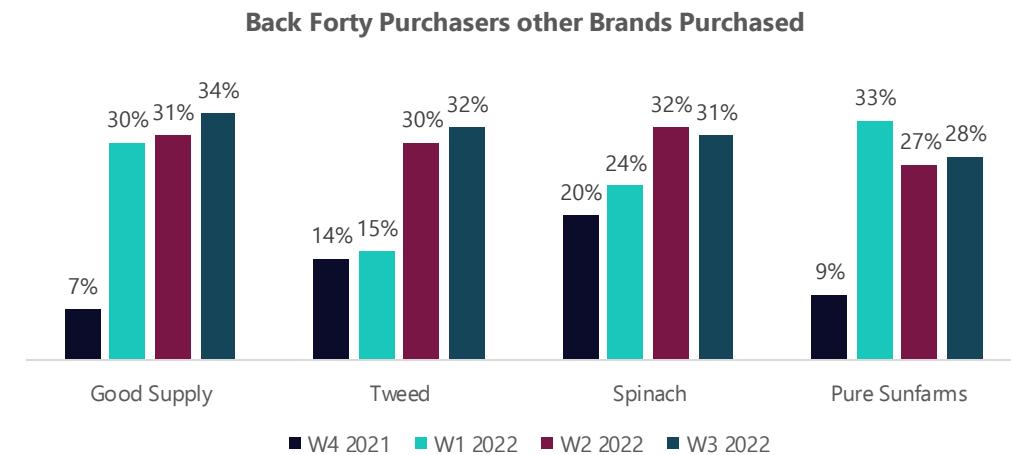
Competitive Benchmarking

Sales data can show you your volume in comparison to other brands in the market but not the overlap of buyers across the competitive landscape. Brand Health shows you cross purchase and helps you better understand the shelf dynamics that may be hidden behind pure sales data.

Brand Health can answer key questions like...

- What other brands is my buyer purchasing?
- Are my consumers the same as my competitor?
- What brands are Heavy Cannabis users most likely to purchase?

Back Forty decreases can be connected to the brand's consumers increasingly buying more fast-growing competitors over the past year



Source: Canada Cannabis Brand Health W3 2022

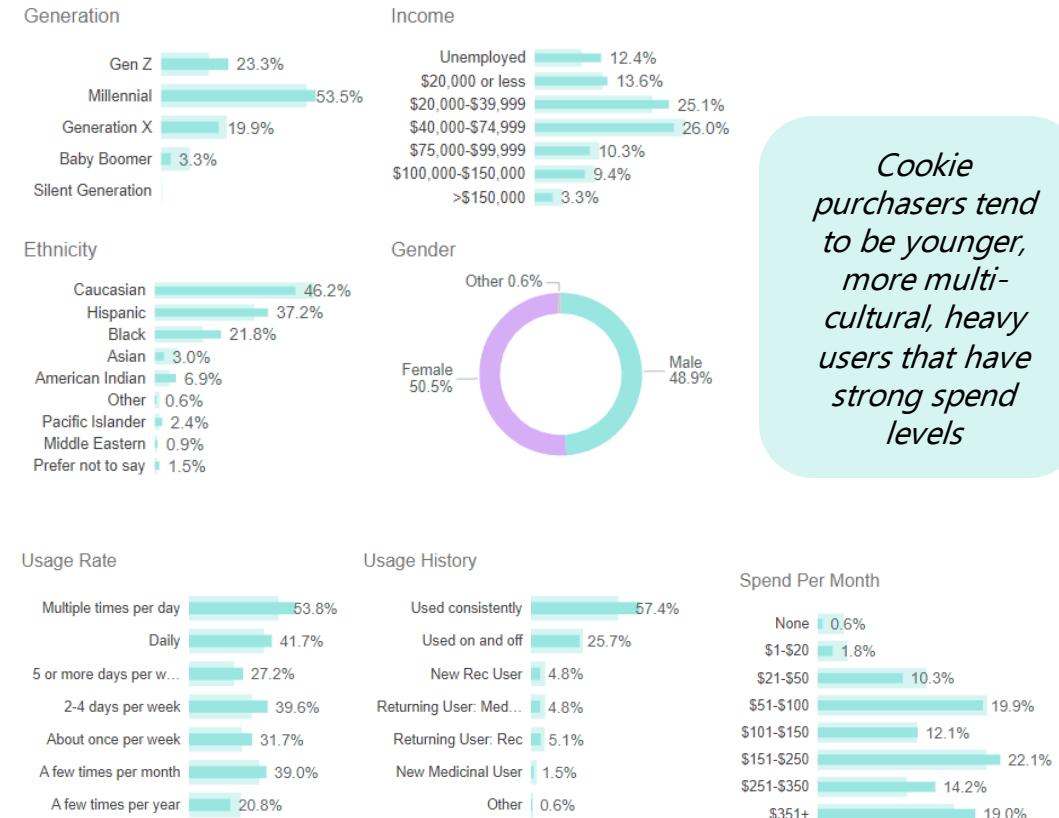
Competitive Benchmarking

In the Cannabis industry, POS information doesn't often connect directly to the purchaser. Not knowing who exactly is purchasing your products lives a blank spot in your marketing and strategy plan.

Brand Health can answer key questions like...

- Who is buying my brand?
- What are their cannabis behaviors?
- What can I figure out about them to help me better cater to their needs?
- How can I innovate to better address the market?

Cookies California Purchasers



Source: US Product Brand Health, H2 2022

Cookie purchasers tend to be younger, more multi-cultural, heavy users that have strong spend levels

Watch those trends!

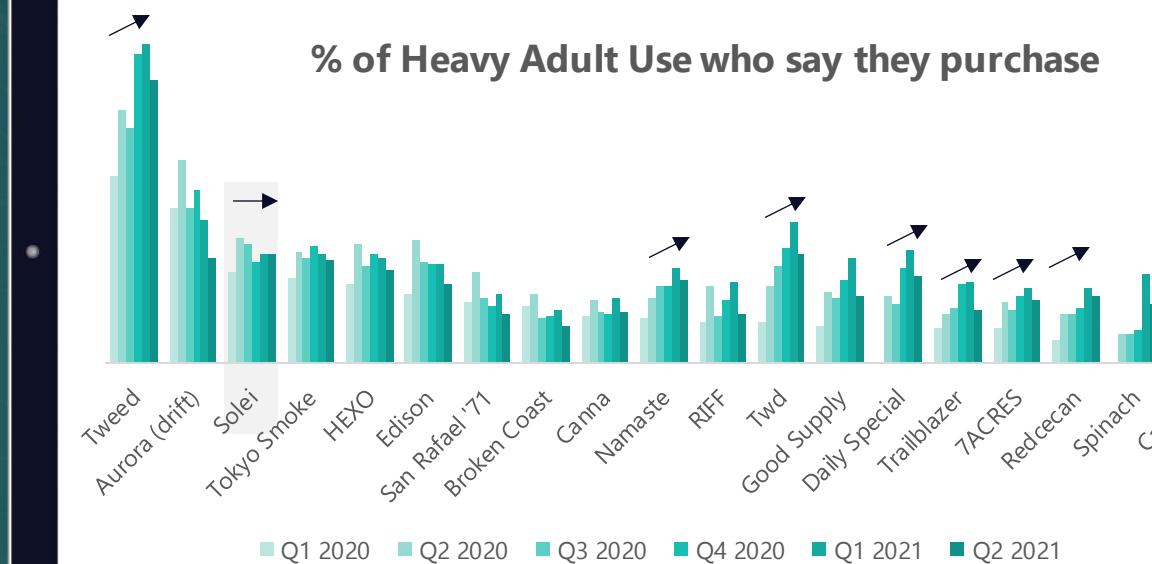
Sometimes trends are slow growing, while other times they explode on the scene.

Brand Health data can help you spot them either way they come at you. Keep an eye on brands or behavior switches that you might otherwise discount before it is too late to see they've taken a bite out of your sales.

Brand Health can answer key questions like...

- Are there any smaller brands making movements?
- What movements may I start seeing in sales volume soon?

If you're only watching the Solei funnel you wouldn't notice the brands slowly building strength, subtly overtaking the market



Source: Canada Cannabis Brand Health Q2 2021

SWOT Analysis

Are there some aspects of your brand that are starting to show weakness or vulnerability? You can catch them before they become derailers.

Brand Health can answer key questions like...

- What are my strengths in the Market and how can I leverage them for increased penetration?
- What areas do I need to be aware of that could potentially stall my growth?
- What's happening in the category that I need to be aware of?

1906 New Highs Illinois Analysis



Strengths	Weaknesses
<ul style="list-style-type: none">• Easy to understand branding• An upfront experience with functional ingredients to support the intended wellness effect is appealing to newbies and experienced consumers alike• A product type that doesn't have a lot of strong competitors• Current user very positive, with 85% positive perceptions	<ul style="list-style-type: none">• Mint/Lozenges category not growing as strongly as gummies• Awareness for 1906 Highs is low at 3%--Brand packaging architecture deemphasizes the brand for the benefit—perhaps causing confusion
Opportunities	Threats
<ul style="list-style-type: none">• Improve branding vs. benefit call-outs• Trial inducing opportunities in market	<ul style="list-style-type: none">• Awareness needs to grow for the brand to be successful, once consumers try, they're happy

Source: US Cannabis Product, Brand Health H2 2022

How strong is my brand Saliency?

Sometimes brand have strong sales but the measured brand awareness is weak. This dichotomy can be confusing to marketers, but it may mean you have a brand saliency issue. Consumers can't recall your brand name when asked, meaning their overall connection to your brand is tenuous and easily broken by a competitor that can standout more.

Understanding your brand's awareness with respect to the market is a vital piece to continuing the brand's market growth.

Although SHRED purchase is strong at the store, consumers of SHRED seem to be less aware of the brand name they are purchasing, so they are reporting weaker purchase levels overall—this points to a brand saliency issue for the brand

Ontario
Top Brands sales in
POS Data*

#1 SHRED

Ontario Cannabis Top
Brands Purchased
Past 6 Months

#8 SHRED (7%)

**Does Brand Health data always
tell the same story as POS?**



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**Actually, these two sets of data often tell
different stories!**

Think of them as two pieces of the same puzzle.



Some thoughts on why POS and Brand Health are often different

Lagging metrics: Brand perceptions shift slowly, unless something catastrophic or epic has happened on your brand, especially brands that have been around awhile. They are often more predictive of where your brand is going vs. where it has been.

Big brands defy gravity: Large, well-known brand metrics fall much more slowly than smaller brands. Big brands will have strong metrics just from longevity, it will take longer for them to see negative sentiment even if their sales are falling. Mainly because the feelings about the brand aren't always increasingly negative, consumers have just put their attention other places for a change.

People vs. Dollars: Sales metrics generally do not tie each individual purchase to an individual. Instead, it's a record of the dollars spent on products by all consumers combined. Each consumer is then counted multiple times in sales data, so their impact is amplified. Thus, high-volume consumers are heavily weighted in this data. In Brand Health, each individual's sentiment is counted once, regardless of how much or how often they purchase the brand or category. Thus they measure different things; Brand health is measuring people and POS is measuring \$ spent.

Sentiment alone doesn't move sales: Many forces beyond sentiment can cause sales to fluctuate—promotions, distribution, media impact, etc.—these tend to move short-term sales more than hearts and minds

Awareness vs. Purchase: Consumers aren't always aware of the brand name they purchased. This is particularly an issue within saturated markets, brands where there are similarly named brands, and/or where package design is key to awareness. Brand Health measures the awareness of the brand name in its first funnel metric. If consumers don't remember what they purchased, they will not enter the purchase funnel.

**Let's take a sneak peek at some recent findings
in our US Retail Brand Health study...**



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Brightfield Group started tracking Brand Health in the US Retail space in Q2 2022

- Dispensaries have cemented themselves as the premier retail establishment to purchase cannabis in the US. Where other consumer categories are sold across channels, – like grocery stores, mass merchandisers, and online – legal cannabis is limited to dispensaries. While there are states that allow delivery, it is often from a brick-and-mortar dispensary or a delivery-only dispensary. No matter how you look at it, cannabis is sold in its own distinct channel.
- So, what makes a consumer decide which dispensary to frequent? Brightfield Group's new Brand Health study of the US cannabis retail environment seeks to answer that question. This study looks at 11 legal cannabis markets in the US – Arizona, California, Colorado, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, Oregon, and Pennsylvania. Each retail environment is unique, and consumer segments will be drawn in by different retail attributes.

Let's explore what's driving favoritism for U.S. cannabis dispensaries.

What are the Top US Retail Dispensary Drivers?

Why is This Dispensary Your Favorite? *% of consumers listing attribute as reason for favoritism*



- Location, price, and quality are the top drivers for favoritism among retail establishments across the 11 markets surveyed in the US Retail Brand Health study.
- All three of these attributes regard the accessibility of cannabis – is there a dispensary near you? Do they have the products you want? Can you afford it?
- As cannabis retail environments emerge, consumers rely on these simple attributes before they can become concerned with less essential attributes like atmosphere and brand variety.

What are some examples of markets going beyond these basics?

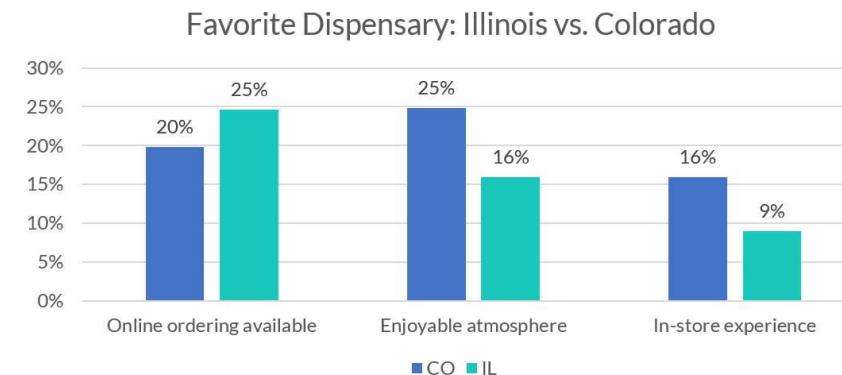
Illinois vs. Colorado: The Evolution of Dispensary Favoritism

Colorado is a mature market without licensing caps that has existed since 2014, while Illinois is a limited-license market largely consisting of multi-state operators that has struggled to add any operators in the nearly 3 years since adult-use sales began. Two very different scenarios that yield different attributes considered when determining dispensary favoritism. With so few dispensaries in Illinois, there atmosphere of a store is largely determined by keeping the flow of customers moving, making consumers want to simply go in and out.

In Illinois, shoppers cannot see actual products available until a budtender goes into the backroom to bring them out. In Colorado, dispensaries are much more browsable, with products on display and some dispensaries even having grow rooms within view

Thus we find that...

- Colorado consumers are the most likely of the 11 states surveyed to say, "enjoyable atmosphere" and "in-store experience" determine their favorite dispensary.
- In Illinois, these attributes are significantly less important for consumers – IL consumers are 56% less likely to say "enjoyable atmosphere" is a determining factor of favoritism. For Illinois consumers, "online ordering available" is more likely to be a reason for favoritism than in-store experience and atmosphere – 25% of Illinoisans list this as a reason, while 20% of Coloradans report so.

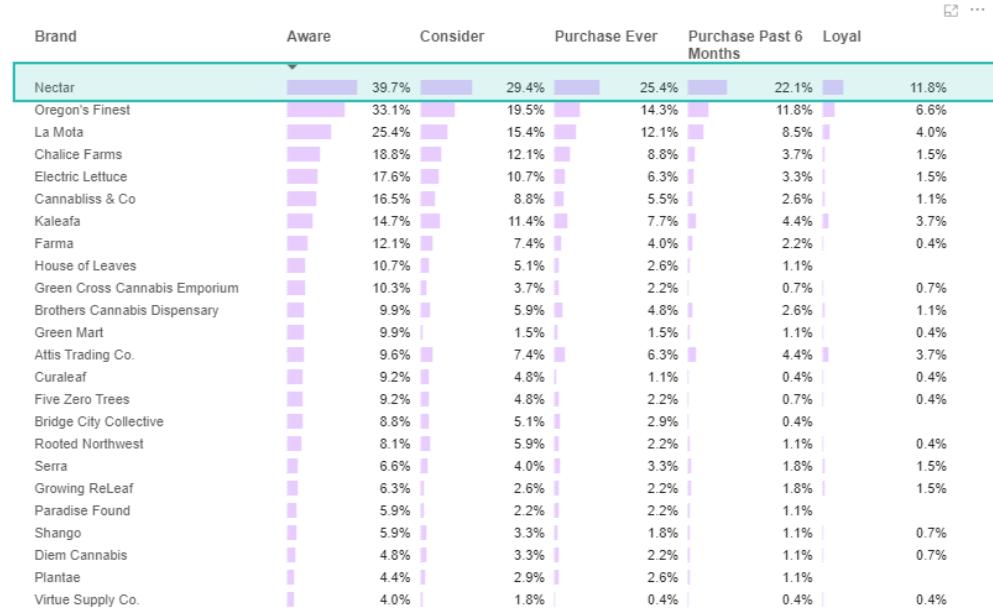


Retail Brand Health Deep Dive—Oregon

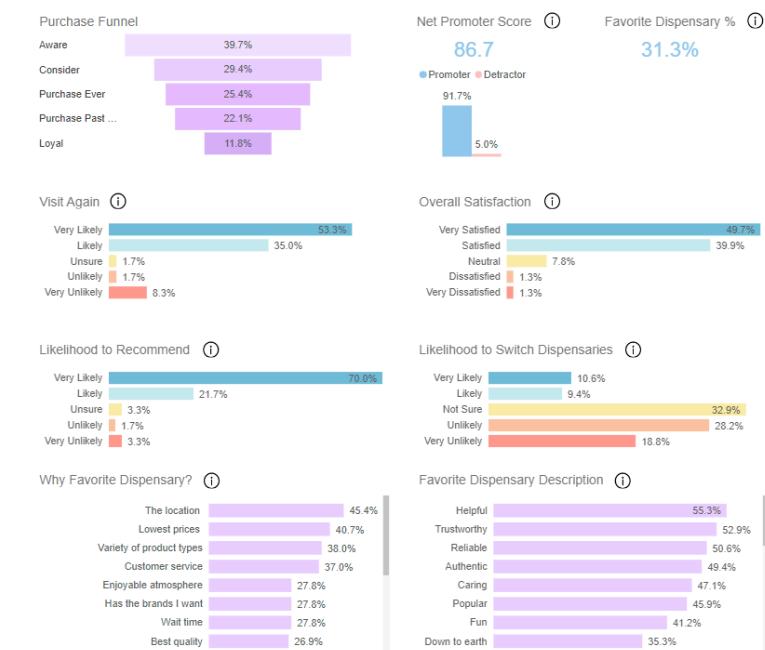
Nectar Dispensaries

Nectar is the top retailer in the Oregon Market with 22% of respondents claiming to have purchased from a Nectar location within the past 6 months; the Nectar brand is considered Helpful and Trustworthy, offering good customer service. Areas for potential improvement include atmosphere, wait times and quality.

Oregon Retail Brand Funnel



Nectar Brand Overview



What Brand Health data does Brightfield Group Have Available?

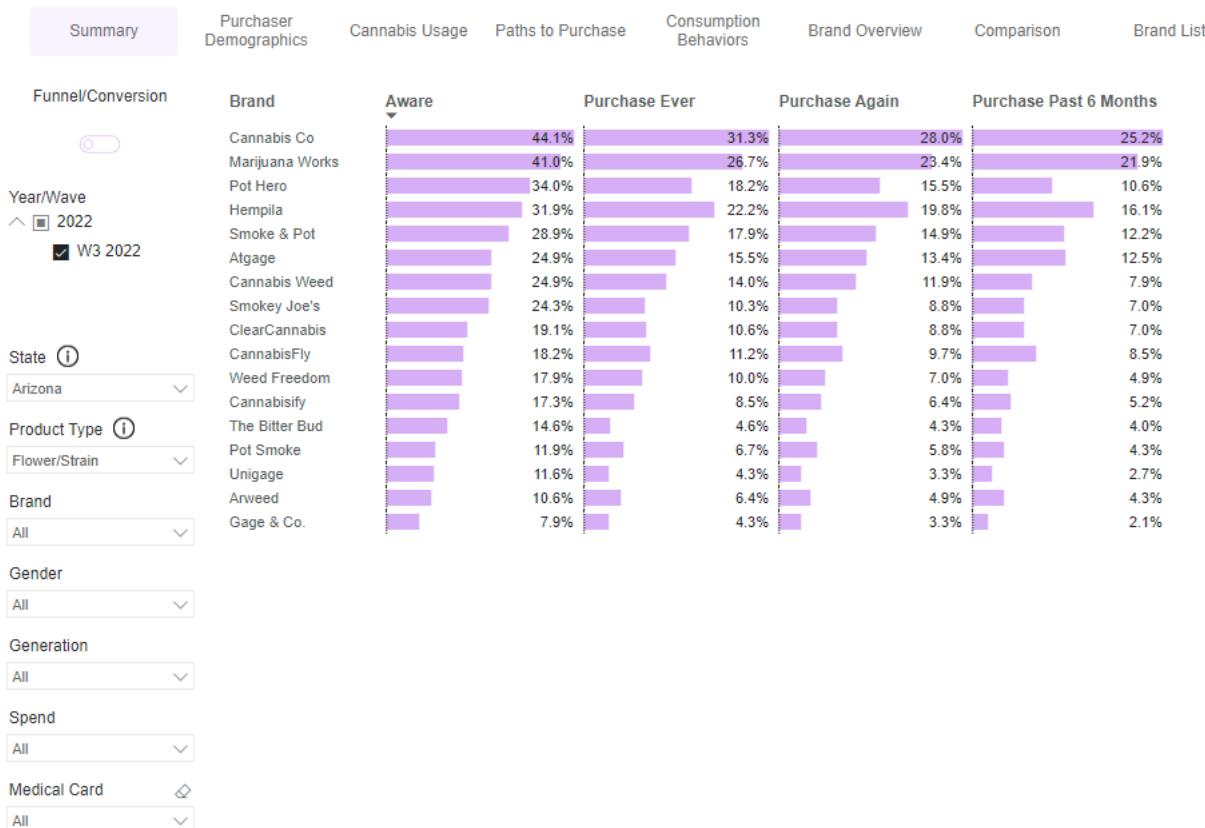
- **US Cannabis Retail Brand Health (4,000+ consumers 2x a year)**
- **Canada Cannabis Product Brand Health (3,500+ consumers 4x year)**
- **US CBD Product Brand Health (3,500+ consumers 4x year)**
- **US Cannabis Product Brand Health (8,000+ consumers 4x year)** *Launching Dec. 2022*



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DEMO DATA ONLY - NOT ACTUALS

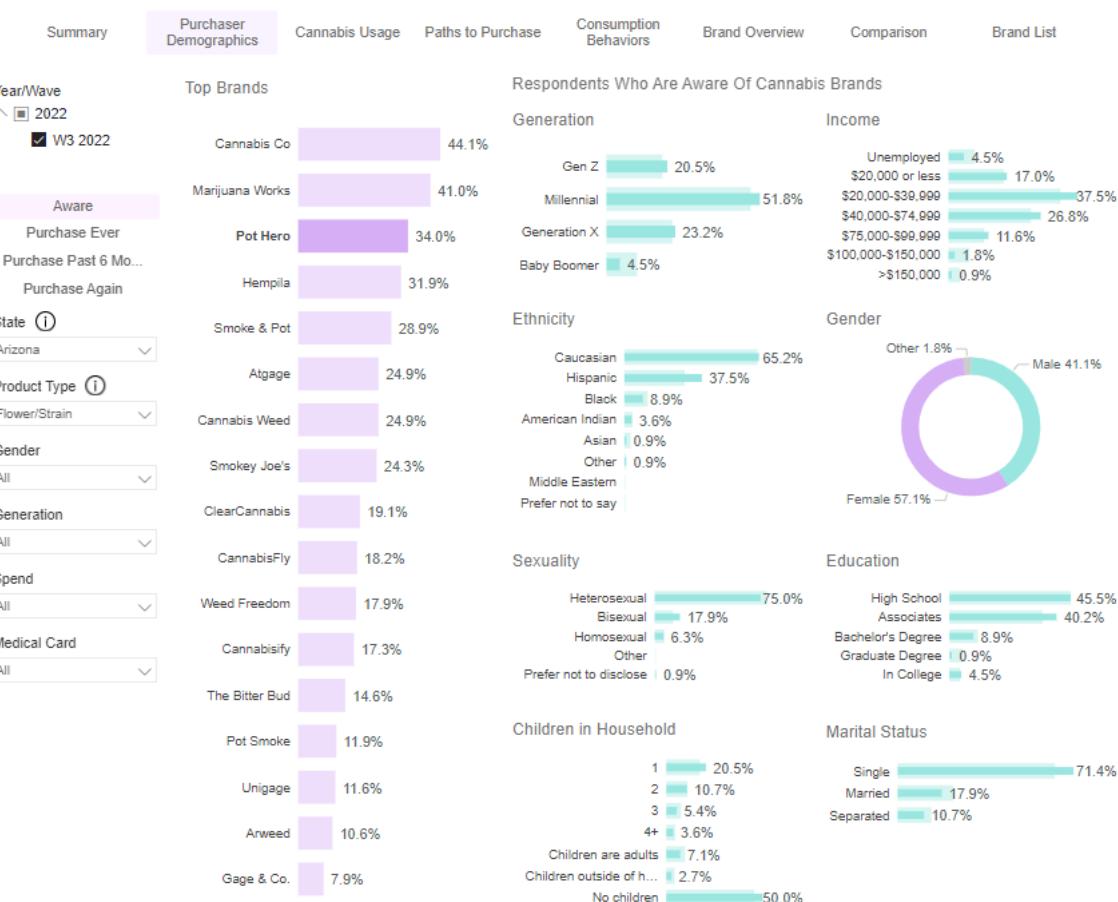
US Cannabis Product Brand Health Demo



US Cannabis Product Brand Health PREVIEW

- US Product Brand Health will launch in Mid-December 2022, focused on the following states: Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Ohio, Pennsylvania
- The interactive dashboards will allow for cuts of the data by state, product type, demographics, medical vs. Recreational use and monthly spend
- Brand Health is not only by brand, by state, but by category, so you can directly compare how your brand is doing within any category you play.

US Cannabis Product Brand Health Demo

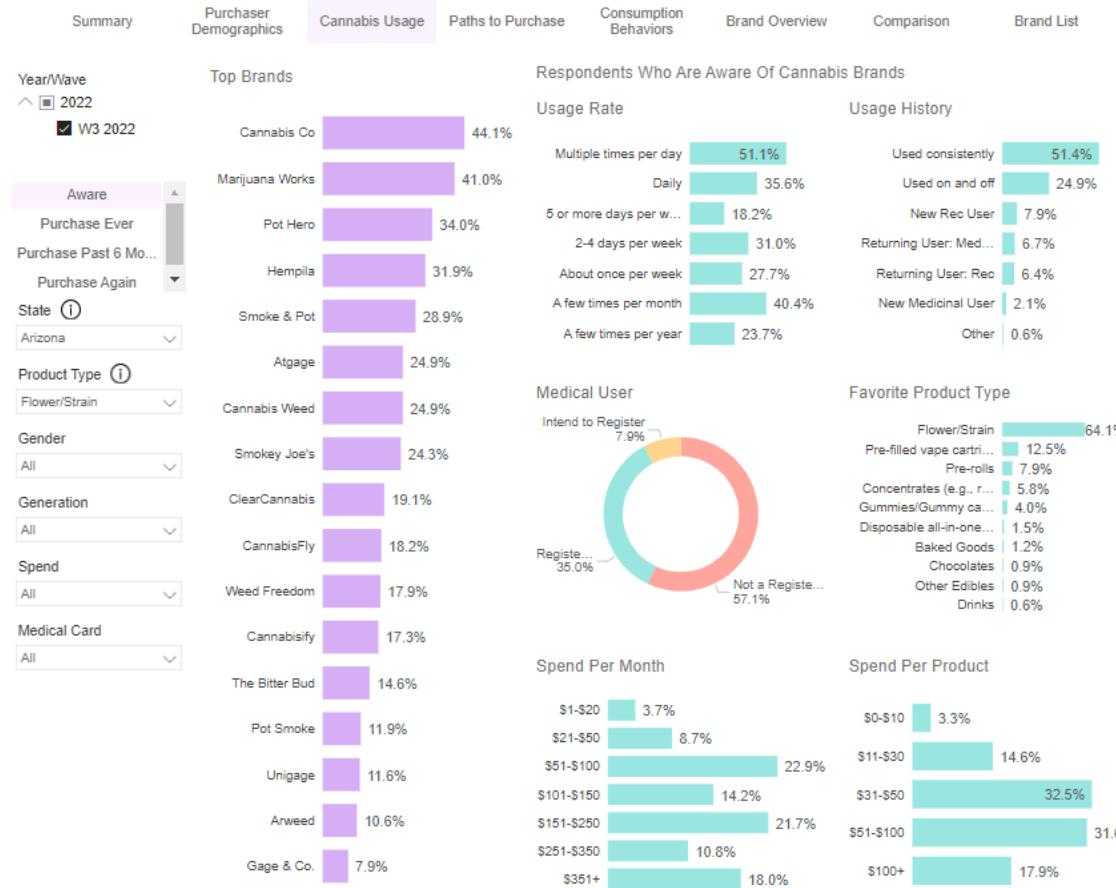


US Cannabis Product Brand Health PREVIEW

- Brand Funnel metrics will be viewable by purchaser demographics

DEMO DATA ONLY - NOT ACTUALS

US Cannabis Product Brand Health Demo

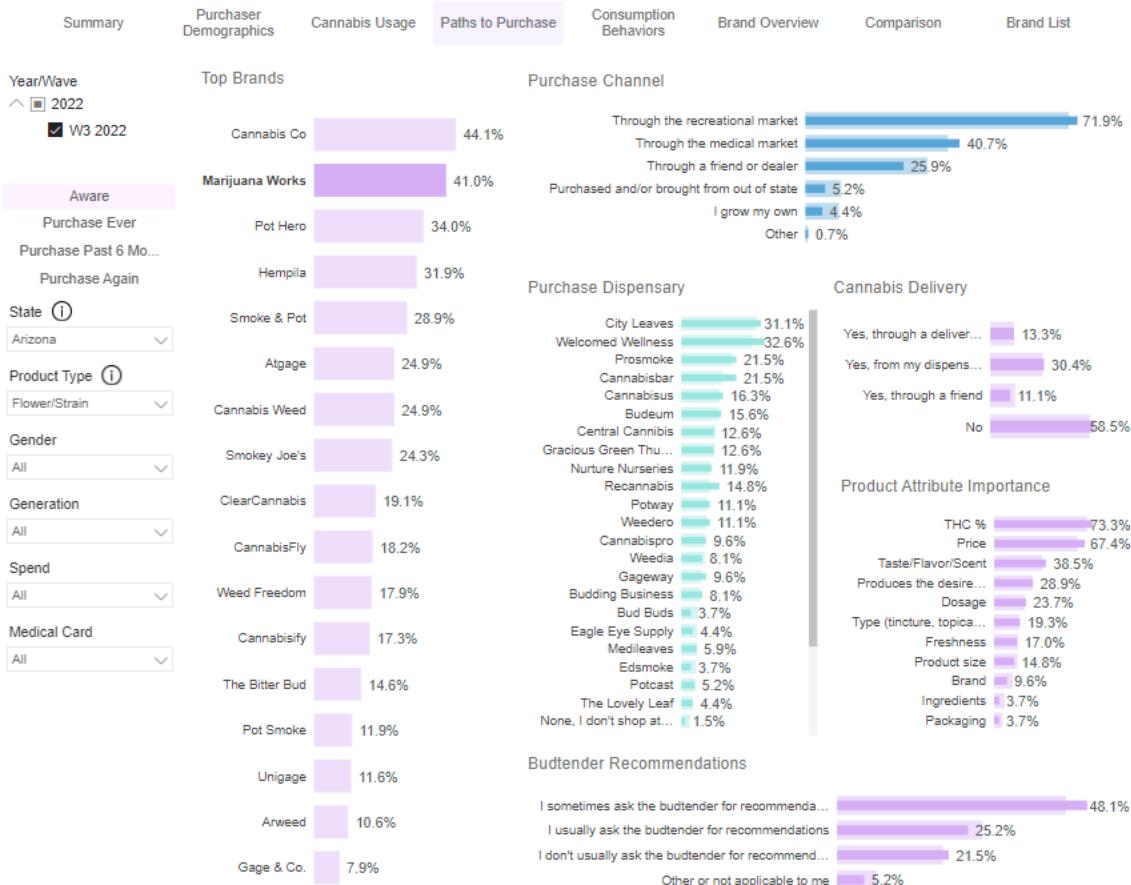


US Cannabis Product Brand Health PREVIEW

- Brand Funnel metrics will be viewable by Cannabis usage, like usage rate, spend and favorite products

DEMO DATA ONLY - NOT ACTUALS

US Cannabis Product Brand Health Demo

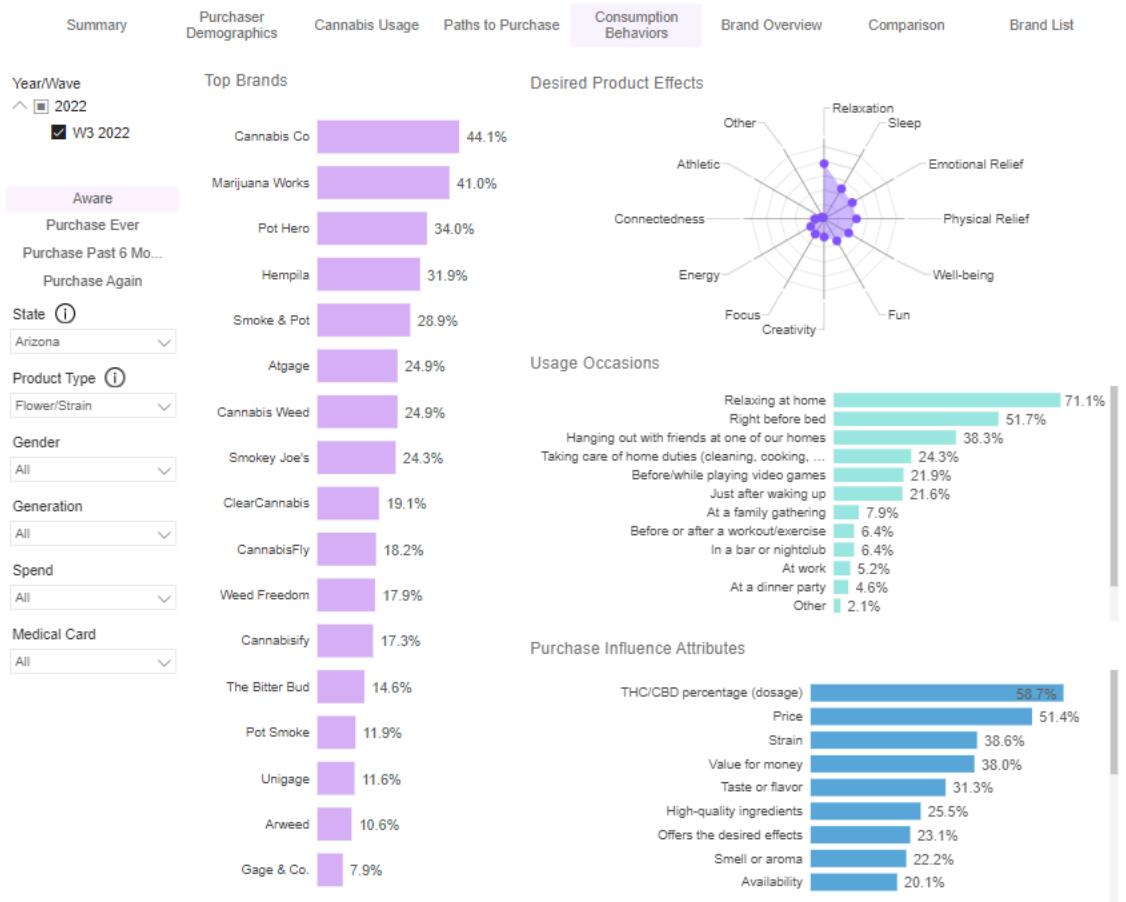


US Cannabis Product Brand Health PREVIEW

- Brand Funnel metrics will be viewable by purchase channel, dispensaries shopped, attribute purchase importance and budtender dependance.

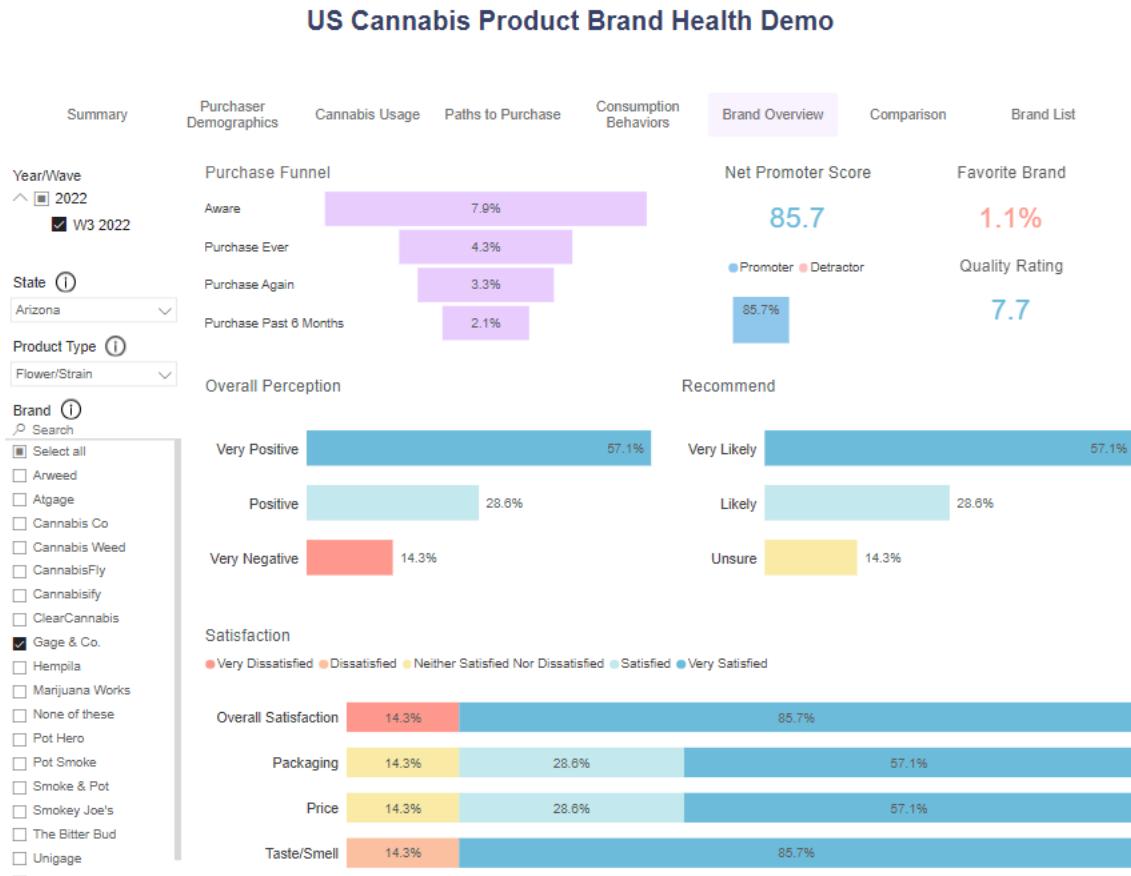
US Cannabis Product Brand Health PREVIEW

US Cannabis Product Brand Health Demo



- Brand Funnel metrics will be viewable by Cannabis behaviors desired effects by product type, usage occasions by product type and key influencers for purchase.

US Cannabis Product Brand Health PREVIEW



- Brand Overview allows you to see your brand's performance beyond the funnel through NPS scores, perceptions, satisfaction levels and favoritism levels.

In conclusion

- Brand Health data provides the “Why is this happening” to the POS Data’s “What is happening”
- Without Brand Health deep purchaser understanding and competitive, trend watching lacks dimension and brands can be caught off-guard, unable to correct course before potential impact
- Measuring your brand’s Health is an important piece to the brand performance puzzle and can be difficult and expensive to do with consistency and stability independently
- Find a partner that has experience in the Cannabis industry, as Cannabis and CBD don’t behave like other CPGs and can be challenging to track