

CANNABIS

RETAILER

Business Magazine for Canadian Retailers

STORE DESIGN

Good design ensures
a good shopping
experience

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Pick the right neighbourhood,
municipality and landlord
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Branding

Create a brand that instills
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Spring 2018



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by Mark Glenning

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It's happening. Legalization of recreational cannabis is nearly upon us, and many Canadian businesses involved in the industry are working overtime to prepare for this brand new reality. While the public is adjusting to the idea of freely purchasing recreational marijuana, newly licensed retailers are getting to grips with emerging provincial policy decisions as well as meeting the challenges presented by supply chains, marketing, and a myriad other aspects of business.

It brings to mind the Yukon gold rush over 120 years ago. Some prospectors got rich, some failed, but all had an indomitable pioneering spirit. The motherlode we search for today is green, and according to accounting firm Deloitte, is worth an astonishing \$23 billion. This includes not only cultivation and sales, but also technology, taxes, tourism, and exports.

There are companies that have so far existed outside of the law, but want to come into the fold and become a legitimate enterprise. They face a daunting task, and will have to work within federal regulations that are still being formed at time of writing this article. The good news for dispensaries is that the stigma surrounding the industry is dissipating. Marijuana companies are on a hiring spree in preparation for legalization; Cannabis At Work, an industry staffing agency, reports that it's recruiting for business executives, tech wizards, marketing gurus as well as growers and producers, across the whole of Canada.

Investors are pouring money into the Canadian industry, and it's easy to see why. Our companies have a first-to-the-party advantage in a worldwide market, but it's not only the big players like

Canopy Growth, Aurora, Aphria, and MedReleaf that hold all the cards. As you'll see from this issue's interview with Cam Battley, CCO of Aurora, there will be room enough for medium and small companies.

This brings us to the challenges faced by licensed retailers, and businesses in the midst of applying for legal status. They have the same problems that businesses in many other sectors do, such as managing their supply chain to meet customer demand, maintaining quality products, and marketing. However, this is made much more difficult as the Canadian cannabis sector is undergoing a paradigm shift. Amazing possibilities await us, but being a part of cannabis culture will not be enough. To make the best of the opportunities that lie ahead, we'll need all of the business acumen and ingenuity we can muster to work within federal and provincial regulations. It's important that we do, as the world will be watching us very closely, and not only do we have a chance to set a shining example, but also to reap the rewards as other countries follow us down the road of legalization.

This is where Cannabis Retailer counts. It's a premier resource of information for those entering this new market. Among our reports on the latest industry developments and trends, we'll be bringing you insight and advice from experts associated with every facet of the industry, from branding and technology, to testing techniques and connecting with your customers. Welcome to our first issue!

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TRENDS

Trends to Expect in 2018

The US economy is the largest in the world, and with the cannabis market becoming its fastest growing industry within, businesses are poring over the flow of data it's generating in an effort to divine what products will emerge as big sellers.

The statistics so far paint an interesting picture. Non-consumables, such as glass rigs, bubblers and vaporizers account for a huge share of trending products. Cannabis resource website Leafly recently mined its own data and discovered that nearly half of all states in the US showed interest in more modern ways to consume the substance.

This indicates that recreational users are experimenting with different ways of consuming cannabis. Vaporizers are currently the apex of portability and ease of use, which is why they're predicted to increase in popularity this year. In fact, vaporizer cartridges were the fastest trending products in more than 20% of states.

In Oregon, which was one of the first states to authorize the use of cannabis for medicinal purposes, one of the most popular products for use with vaporizers has been the Winberry Farms Tropical Trainwreck 1g cartridge. It provides around 250 hits of THC distillate. In Colorado, another early adopter of legalization, the IndigoPro 500mg Night Rider indica cartridge is proving to be a hit.

The rising popularity of vape pens was illustrated by the news coming out of California on January 1st, 2018, which was the first day that licensed retailers could legally offer recreational marijuana. Santa Ana's 420 Central racked up \$54,000 in sales during the day, with co-owner Robert Taft reporting that the biggest sellers were vape pens and pre-rolled joints, along with flower. West Coast Cannabis Club, based in

Cathedral City, doesn't share its sales figures, but CEO Ken Churchill revealed that the retailer sold thousands of pre-rolled joints throughout the day. Vape cartridges accounted for 20% of sales, but flower was the most popular, with a 60% share.

What lies ahead for strains?

Looking at recent figures, it's interesting to note that more states are interested in indicas than sativas. Of course, the effects of indica strains are more associated with stress relief, and while 2016 saw indicas being the fastest trending strains in just four states, 2017 saw this figure rise to 19. Could this be a sign that the current political uncertainty in the US is affecting consumption? It's an interesting consideration.

A knock on effect of the consumer market expansion in the US has also led to an increase in the public's knowledge about lesser-known strains. Rather than go with firm mainstream favourites such as Blue Dream or Green Crack, there are indications that customers are learning more about the variety of options available, such as Purple Trainwreck or Mendo Breath. Kush strains, such as Banana Kush, Blueberry Kush and Platinum Bubba Kush have proved to be generally popular across the US, and this trend is expected to continue into 2018.

Given the wide variety of strains on the market, it comes as no surprise that although some have trended in multiple places, no single strain has dominated the

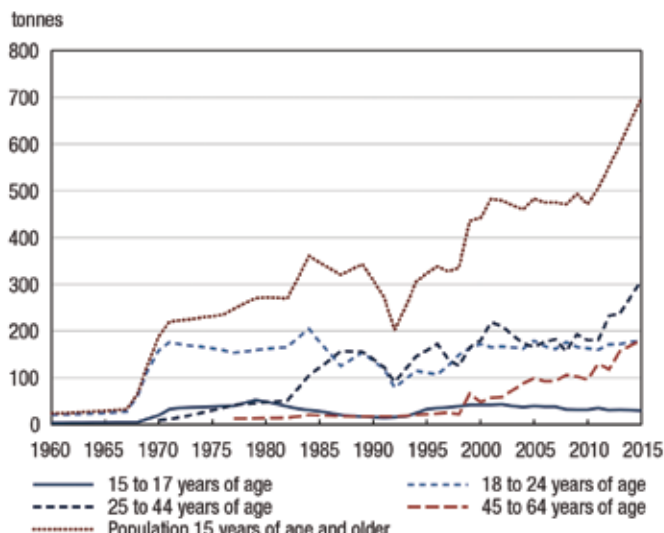
public interest. For example, 2017 saw the popular Strawberry Cough, Grape Ape, NY Diesel and AK-47 all trend in two states at a time, but no more than that.

Will these trends cross the border?

It's tough to predict if this will be the case in Canada, given that legalization is happening at a federal level. The appetite for product is certainly growing; according to the latest Statistics Canada report, Canadians consumed 697.48 kilos of product in 2015. This is an amazing increase of 47% in just five years. A study by Ryan Macdonald and Michelle Roterman for Statistic Canada shows that growing consumption has been a trend for decades. It comes as no surprise that there was a huge increase in the 1960s and 1970s, before rates stabilized. A dip occurred in the early 2000s, before usage rates again began to climb. It's interesting to note 2015's all-time high.

The report found that 22.52% of people aged 25-44 consumed 308,060 kilos of cannabis while 11.31% of adults aged 45-64 consumed 180,400 kilos. Although not everyone included in the study may have been honest or accurate about their usage, it's clear to see that older people are using the substance more. Assuming that they have higher income rates, the signs point towards further adoption of more sophisticated, convenient ways to consume cannabis such as vaporizers. It's definitely a trend to watch.

Chart 3
Estimated cannabis consumption by age group, 1960 to 2015



Source: Statistics Canada authors' calculations



Selecting a Location

by Kelly Coulter

Canada is on the verge of becoming the first G7 country to legalize cannabis, and the shift in the retail market for cannabis will explode as towns and cities across the country open their doors to more brick and mortar cannabis shops. Part of what will separate the winners and losers will be the location of their dispensaries.

The uniqueness of the opportunity of opening a cannabis retail location is fraught with potential problems, and there are six vital aspects to consider when deciding where you want to set up your business:

1. Local Politics and Legislation

The first and most important consideration when scouting for ideal retail locations when cannabis becomes a legal commodity will be the local regulations. Provincial politicians will be making decisions based on community interests, such as health, safety in public spaces and keeping cannabis away

from children and youth. These regulations will vary widely throughout Canada, which means some places are more likely to embrace, and incentivize cannabis retail while others may make things more difficult.

medical cannabis retailers will be applying to sell adult-use cannabis and may have an advantage, having already met the criteria previously applied to them. Saturated markets are not ideal, although there will be

It is imperative to research the local politics and connect with municipal leaders.

It is imperative to research the local politics and connect with municipal leaders and learn what benefits or challenges you will face. Some communities and cities which have already allowed for medical cannabis retail locations are likely most receptive and knowledgeable as they have already gone through the process, but having done so they could be also wary of a new influx of cannabis shops. Many of the current

desirable hot spots worth fighting for. Cannabis tourism will be a draw to many places throughout Canada, so proximity to hotels, airports, boat cruise terminals and existing tourism infrastructure such as wine tours should be considered. An indicator of the advantage of such locations is that the busiest cannabis retail outlet in Colorado is the one closest to the airport.

Consider the capability of expanding your services when finding your ideal space.

2. Understanding Landlord's Concerns

Landlords may have legitimate concerns about renting to a cannabis business due to several issues including security and odour. Others will be happy to rent to a business that will enhance their community, be successful and act as a good neighbour. It's worth the effort to find a good landlord that wants to work with you, rather than add to the stress of starting a new business. With many unknowns about the new wave of cannabis businesses on the horizon, it promises to be an exciting time for everyone, but with this comes some apprehension. Some landlords will have reservations, so it will be important to be sensitive to their concerns while at the same time finding the right fit for you both.

3. Being Part of a Good Neighbourhood

Finding a location in a good neighbourhood where your business is welcomed and appreciated is a prime objective. Although passing foot traffic is very important, there are some other issues to consider. New cannabis shops will be closely scrutinized across the country, so being a good neighbour will be imperative. Participating in community events, joining the local Chamber of Commerce and Business Associations would be a good first step. Communicating with your neighbours personally, via newsletters and in the media will help create the necessary goodwill that any successful retail space would want to create.

4. The Size of the Unit

In the early days of legalization, retail outlets may opt for a similar, clean-cut design like those of medicinal cannabis retailers. An ideal store size is 1250 sq. ft. according to a popular dispensary owner. It is possible that over-the-counter sales will be separated from other cannabis ventures, including lounges and cultivation. A highly functional space will create the most return on your initial investment. As Canada warms up to legalization many cities may allow for other cannabis-friendly activities to operate in the same space and retailers are considering this as they choose their flagship location. This also applies inversely to other cannabis businesses including farms and lounges. Consider the capability of expanding your services when finding your ideal space.

5. To Own or to Rent?

Purchasing a commercial space has many advantages. In the future, a legal cannabis retailer adhering to provincial and federal

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regulations should not have to face any pressure from law enforcement and landlords. This has happened in the past to unlicensed retailers, so being wary is understandable, even for licensed retailers and producers. Being your own landlord protects you from potential interference of your business. You will also have more flexibility if you choose to expand your business model by not having to gain permission from landlords. It's also wise to consult with a tax lawyer to determine the advantages of owning versus renting.

6. Consider your Long-term Plans to Expand

As the legal cannabis retail sector develops and matures, savvy entrepreneurs will create unique and exciting opportunities. Expect to see cannabis-friendly restaurants, hotels, spas, retreats, yoga studios, coffee shops, farms, lounges, and lifestyle brands entering into the new legalized market. Having long-



Consult with a tax lawyer to determine the advantages of owning vs. renting.

term business plans to expand into other areas that can incorporate cannabis culture certainly impacts on making a decision on your location. For example, would incorporating cannabis with yoga be enough to distinguish you in a place where there is a wide choice of yoga classes? Making sure that the locations you are considering align to your future business plans can ensure that any ambitions you have as a licensed cannabis retailer aren't stymied. It can mean the difference between taking on well-established competition and capitalizing on your ability to offer something innovative that an expanding cannabis culture would want to be a part of.

As we've seen, choosing a location for your licensed cannabis store is certainly not an easy task. It's fraught with pitfalls, and not just those of the business decision kind. It's best to start by looking closely at your provincial and municipal regulations. These will give you a basis on which to make a sound decision, and if there are elements that may seem confusing, it could be worth your time hiring the services of a realtor that specializes in cannabis spaces. With a professional onboard, you can be freed up to make other important decisions regarding your location. ▀

RESEARCH

by Mark Glenny

Study finds Cannabis Less Damaging to Brain

With legalization of recreational use on the horizon in Canada, there has been an increased interest in studies on the effects of cannabis, and a new report suggests that alcohol is far more damaging when it comes to brain health.

Scientists at the University of Colorado Boulder compiled existing images and data that looked at the effects of marijuana, and compared them to those of alcohol. Their findings linked the consumption of alcohol with changes to the physical structure of grey and white matter over a long-term period. However, the use of cannabis appeared to show no significant far-reaching effects in the same areas of the brain.

Rachel Thayer, of the Department of Psychology and Neuroscience at the University of Colorado Boulder, who led the study, reported the results in *Addiction*, the journal of the Society for the Study of Addiction (SSA).

Research Fills a Knowledge Gap

For the study, Thayer and her colleagues set out to learn more about how cannabis physically affects the brain. Co-author Kent Hutchison, of the Department of Psychology and Neuroscience, found that other investigations have delivered mixed results. He explains, "When you look at these studies going back years, you see that one study will report that marijuana use is related to a reduction in the volume of the hippocampus. The next study then comes around, and they say that marijuana use is related to changes in the cerebellum." He notes that there is no consistency across any findings related to the brain's structure.

With the intent of filling this knowledge gap, the researchers carried out a fresh analysis



on the image data. It was important to distinguish between the different structures of the brain. Grey matter comprises the tissue on the surface of the brain, and is primarily nerve cell bodies, but white matter resides deeper in its structure and contains myelinated nerve fibres. These are part of nerve cells and send electrical pulses to other tissues and cells.

The report noted that a reduction in size of white or grey matter, or even a loss in their structural integrity could be a cause of functional impairment. Hutchison added, "With alcohol, we've known it's been bad for the brain for decades, but for cannabis, we know so little."

The Findings

The brain images of 439 teenagers aged between 14 and 18, along with 853 adults aged between 18 and 55 were used in the study. All those taking part had a varied use of alcohol and marijuana.

It was found that alcohol was closely associated in a reduction of the amount of grey matter and structural impairment in white matter. However, marijuana appeared to have no affect on the structure of both types of brain matter in either teenagers or adults.

Based on these findings, the team concluded that cannabis was significantly less likely to be harmful to the brain than alcohol.

How Many Canadians use Cannabis?

These findings are an important piece of the puzzle that is mapping the effects cannabis has on the body, and have come at a time of ever-increasing scrutiny of the impact it could have on the health of the public. The latest figures compiled and published by Statistics Canada show that five million Canadians had used cannabis in 2015. This was an overall increase, and shows a demographic shift in usage rates. Less than 6% were in the 15 – 17 age range, while two-thirds of consumers were aged 25 or older. In fact the number of minors consuming the substance was the lowest for decades, with 22% using in 1980 and 12% in 2000.

With increased usage anticipated, researchers have been devoting more time and effort in a quest to discover the benefits and detriments associated with it, but much evidence is contradictory.

For example, 2017 saw a study, carried out by Georgia State University in Atlanta, which concluded that it is "worse than cigarettes" for cardiovascular well-being, while the National Academies of Sciences, Engineering and Medicine found evidence that cannabis was not connected to the lung, head, and neck cancers associated with smoking tobacco.

When it came to the possible benefits of marijuana use, Thayer's team noted that the jury is still out and that much more research is needed to draw definite conclusions.



Designing a Store

by Ron Scott

Courtesy of Farma

You have your licence and location and are ready to start designing your store, so let's examine the elements of some successful cannabis retailers already in operation across North America.

Approachability is a key factor in store design. Before customers so much as enter your store, they have to feel comfortable in the parking lot. For this reason, lighting is something that must be considered first as people need to feel confident when approaching the premises. Branding is going to play a key role here, as customers need to recognize what sort of services and products are available within the store when they see it. This is especially important when attracting new customers who will essentially enter the store on a whim. The same is true for customers who are looking for a store online. It's crucial that they get a sense that they'll be welcomed and encouraged to enter.

The First Encounter

Once inside the store, a customer will enter

the lobby, which should be welcoming and comfortable. The ambiance, lighting, branding, and seating make that happen. Design experts recommend individual seating here as opposed to bench seating, if possible.

modern, and minimalist cases that don't distract from the actual products.

Be Aware of Time Constraints

Any smart store owner will want to cater to as many clients as possible. For this reason, it's

Farma is a light, modern space that is designed to put people at ease.

Next, clients will enter the showroom, wherein they'll very quickly observe and analyze everything happening. With almost all of their senses, they'll be making subconscious assumptions about your store before they even look at a product list.

As customers begin to engage with sales staff, bright, clean displays are important. Wherever glass is used, it must be streak-free, and it's a good idea to install clean,

prudent to bear in mind the different needs and constraints of your customers. Though budget is certainly one of those constraints, another that many proprietors overlook is time. While a great number of customers will certainly want to take full advantage of the knowledgeable and friendly service provided by staff, others will want to make a purchase and be on their way. A savvy store owner should have an express or pre-order option



Courtesy of Farma

for those customers. Technology will also help greatly in this regard; there are apps that allow customers to order ahead of time and simply pick up their order when they arrive.

One of the Top Ten Most Beautiful Dispensaries

Throughout the Pacific Northwest, there are legal dispensaries with interiors that really stand out. One good example is Farma, located in Portland, Oregon, which owes much of its beauty to the work of architect Anne Niedergang. It's captured imaginations too; Leafly named Farma to its Top Ten Most Beautiful Dispensaries in America list.

Sam Heywood, one of the owners and founders at Farma described the design process, saying, "When we sat down to design Farma with our architect in 2014, we thought of it as both an opportunity and a responsibility. It was an opportunity to write a new script, to help erase the stain of decades of prohibition, but it was also a responsibility. The medium is the message, so we knew we had to create a space that communicates the way we feel about cannabis, that it is modern medicine that can measurably improve people's lives. One of our touchstones has been: 'What would cannabis look like if prohibition never happened?' The result is a light, modern space that is designed to put people at ease. Our store, our packaging, our approach to service—all of it is a celebration of this plant."

A Large-Scale Design Project

Calgary's Spiritleaf has big plans to open stores nationwide in Canada and has already granted over 100 stores in BC, Alberta, and Saskatchewan. They've partnered with design firms Tricarico and Seven Point Interiors and have unveiled their first concept store.

Darren Bondar, CEO said, "We wanted to ensure that each location will provide an incredible experience for our future customers, employees, communities, franchise partners, landlords, and other stakeholders. We searched for a top design firm that would not only





Courtesy of Spiritleaf

immerse themselves in our brand message with enthusiasm, dedication, and passion, but also design with honesty, nurture innovation, cultivate creativity, and strive to use sustainable materials that will inspire and resonate with our customers.”

“Upon reviewing the brand package and meeting with the team, I immediately felt a strong connection and couldn’t wait to tell the Spiritleaf story,” said Jessica Archeval, design manager at Tricarico.

She added, “We wanted to create something completely unique, so that when a customer walks inside, they immediately feel the positive energy, and are embraced by the natural feeling of the dispensary. Within the confines of the walls, a new community is established where all are welcomed. The crisp white walls help brighten the space and create an extension from the fresh outdoors. Distressed woods and metals were carefully selected to add unique character to the space. We wanted to allow the walls to

tell the stories of the brand, so Spiritleaf’s community members will always embrace their journey and never forget where they started!”

Don’t Delay your Design

It’s clear that there is going to be a lot of competition among stores, so designing a space that creates an enjoyable experience is more important than ever. Whether you go it alone, or enlist the help of design experts, there’s never been a more important time to consider how your store reflects your brand. ▀

Distressed woods and metals were carefully selected to add unique character.

STRAINS

by Jeremy Jacob

An Introduction to Strains

What is a strain? A common misconception is that indica, sativa, and hybrid are strains. Well, they're not strains, but this is a good place to start.

The terms indica and sativa were first used in the 1800s to describe two distinct types of cannabis: Cannabis sativa was the low THC/high CBD plant found in Europe and Western Eurasia. These plants were used for fibre and seeds. Cannabis indica described the high THC varieties found in East Asia and commonly used for fibre, seeds, and hashish.

Today, sativa plants are high THC varieties identified by their tall stature, narrow leaf profile, and long, airy flowers or buds. Energy, creativity, focus, and euphoria are commonly associated with sativa flowers. These plants need a longer flowering time, as much as 12–13 weeks for some varieties. They also have lower yields due to their bud structure.

Indica plants are identified as high THC with a shorter, broader stature, wider leaf profile, and more compact, dense flowers. Typically these plants mature in eight or nine weeks, and have bigger yields. They are characterized as relaxing, calming, and perhaps sedative in effect. Due to their attributes in yield and maturity, indica flowers are most common.

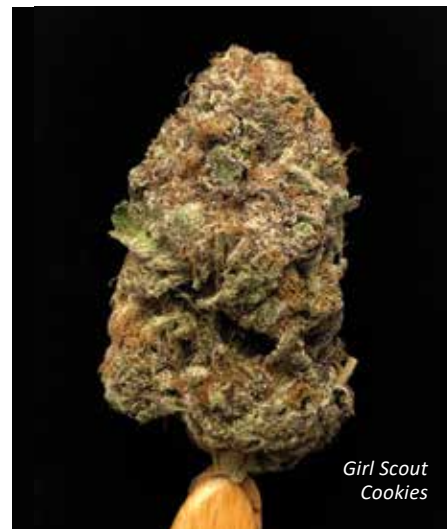
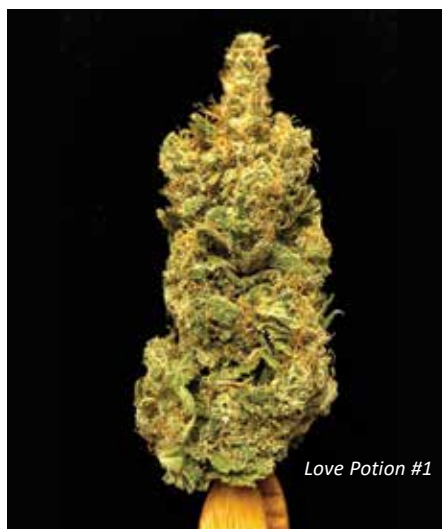
Through both natural and selective breeding, a third cannabis variety exists: hybrids. These are crossbred plants with both indica and sativa genetics, and have effects that, in theory, are somewhere in between.

Do Pure Strains Exist in the Market?

In today's marketplace, very few pure indica or sativa plants exist. The majority of flowers available in the market are hybrids and are identified as either indica or sativa dominant. What scientists tell us now is that indica, sativa and even hemp are merely different varieties of one genus, Cannabis.

The indica phenotype Girl Scout Cookies draws its lineage from the strains OG Kush and Durban Poison. It's a 50:50 hybrid crossed with a pure sativa; in other words, a sativa-dominant hybrid. It can be effective when used as relief from anxiety or stress.

Love Potion No#1 is a sativa-dominant



hybrid. It has an impeccable family tree: G13, a famous indica, is crossed with Colombian Gold, a pure sativa. This 50:50 hybrid is then re-crossed with the Colombian Gold to become sativa dominant, resulting in a flower that can be used to enhance energy, mood, and creativity.

It's not quite as straightforward as we think, however. What we know through experience is that while some indica flowers are sedative, others can be uplifting and energizing. Similarly many sativa flowers deliver energetic and alert effects, yet some can be relaxing or even sleepy. The most complex issue we face is that these effects can be subtly or drastically different for individuals due to our incredible endocannabinoid systems, which are unique to each of us, much like a fingerprint is.

It's Not Just About THC

We know that isolated THC is identical whether it's from an indica plant or a sativa plant. What makes each plant feel different is the "Entourage Effect"—the combined effect of the full plant profile including the cannabinoids (113 unique compounds found mainly in the plant), terpenes, and flavonoids. Everything you taste and smell is due to one or more of these volatile, unsaturated hydrocarbons found in all plants. Terpenes are believed to act as modulators to the cannabinoids, and drive the effect of the plant more than the designation of indica or sativa.

What is a Phenotype?

To further confuse things, there is significant variety from one phenotype of a strain to the next. Phenotypes are like babies—the same two parents can create an infinite variety of children, or in this case seeds. Though the relative ratios of compounds in a plant are genetic, environmental conditions can also create variances between batches of the same strain or same phenotype.

Selecting a Strain

So where does that leave us with strains? According to seedfinder.eu there are almost 12,000 strains with 646 registered breeders, including some rare ones bringing the total to over 12,400. However, many would suggest that there are significant similarities in the strains currently available. Customers are looking for a desired outcome, so a selection of strains can potentially meet their needs. Customer should take the opportunity to smell each flower. The premise is that terpene profiles that smell good to the individual are likely to have a positive benefit, and as it turns out "The nose knows" really works for most people!

Though complex and confusing, there are exciting times ahead in the cannabis world!

Jeremy Jacob is the Co-Founder of Village Bloomery and President of CAMCD.

Aurora Cannabis

by Mark Glenning



It had been a good week for Cam Battley. Recently promoted to Chief Corporate Officer of Aurora Cannabis, he helped to seal a buyout of Saskatoon-based CanniMed Therapeutics in a record \$1.1 billion deal. The company also received a cultivation license for Aurora Sky, the company's 800,000 sq ft greenhouse facility at Edmonton International Airport, which is set to be the most technologically advanced cannabis facility in the world.

Pushing Ahead with Production Techniques

Aurora Mountain, the company's first site based north of Calgary, uses inert growth medium hydroponics, which is a growth medium that contains no nutrients. The plants are nourished by a highly automated drip irrigation system that offers multiple options for plant density based on whatever phen and chemotypes are being cultivated.

However, newer technologies are being employed in Aurora's other facilities. Cam, who is a member of the board of directors for Cannabis

Canada, says, "Our other, newer facilities use additional technologies allowing for large amounts of flexibility in fertigation (the injection of fertilizers and water soluble products into an irrigation system) and grow methodologies. We continuously refine and improve our production techniques based on robust data collection, client feedback, availability of new technologies, and experience."

Playing a Part in Clean Cannabis

As the cannabis market is set to grow dramatically, production techniques will be under close scrutiny to ensure that there's no repeat of the product recalls that hit several producers in 2016 and 2017 due to contamination with myclobutanil and bifentazate, pesticides that are unauthorized for use on medical cannabis.

Cam reports that Aurora itself identified the contamination on cannabis from another company, Organigram, adding, "We have always tested every lot we produce and purchase wholesale. That



Promoting Entrepreneurship

The recent acceleration of company consolidations is something that Aurora has long anticipated. However, diversity is a critical factor, with large, medium, and craft producers all having an important part to play to ensure broad acceptance and long-term sustainability. Cam underlined this, stating, "I hugely favour the approach of Alberta, Manitoba, Saskatchewan, Newfoundland, and BC, where they are allowing for small businesses and entrepreneurs, and significantly, people who come from the cannabis culture to participate in the retail system."



Cam Battley, CCO

goes beyond the Health Canada regulations. We tested a batch [purchased from Organigram] and found the presence of pesticides. We informed them and that's what triggered their recall."

"We decided that there was a need to establish a means to make it objectively impossible for contaminated product to be sold to patients. The best way to do that was to lead by example by establishing the world's most rigorous testing and disclosure protocol."

The company created what it calls a "simplified certificate of analysis", with the aim of it being understood by the average consumer. It indicates that the specific lot they're purchasing has been tested and cleared by Anandia Labs for the presence of microbial contaminants, heavy metals, and pesticides including those that are most commonly used illegally on cannabis.

It's something that other companies are adopting. Cam says, "If you go to Organigram's website for example, you'll find that they have a similar protocol. They needed to restore confidence in their products, and they've done a very good job of that. I have a great deal of respect for what their CEO Greg Engel has done."

What Does the Future Hold for Aurora?

Business-wise, Aurora's plans are significant. The acquisition of CanniMed means that it's added 20,000 patients and has boosted its organic growth capabilities. It's optimistic that Cannimed's softgel and encapsulation capabilities will add to its ability to market not only in Canada, but elsewhere in the world.

It's building a 1 million sq ft facility in Denmark, and has invested in The Green Organic Dutchman (TGOD) in a deal that will see it get a minimum 20% of its production. It's expecting to see rapid growth in Germany, and it also won the much-coveted first tender to supply the Italian government with medicinal cannabis.

With its strong reputation and access to capital, the company aims to supply worldwide markets at a pace that others will find hard to match. Aurora is hoping that the sky's the limit. ▲

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Security is always a major concern for all businesses. It's a natural desire to protect the safety of your staff and property, but there are also other decisions to consider.

Is there a trade-off between how secure your premises are and your image? Some may think of window security products like window bars and rollshutters as clunky, old-school devices that make an otherwise bright and airy retail space look like a high security prison, but new designs and customized rollshutters can actually complement a store's design.

Kelly Cahill, President and CEO of security company Talius, has a cutting-edge plant based in Salmon Arm, BC, that has been manufacturing a range of attractive, hi-tech rollshutters and habitat screens for more than 30 years. Talius' customers include liquor stores and medical marijuana dispensaries across North America.

A Long History of Keeping Stores Safe

Cahill has a special attachment to Talius. Originally hired as a sales and marketing consultant by the company 20 year ago, Cahill liked it so much he bought the company. His time at the helm has seen amazing developments.

He explains, "The products we sell are high-end in terms of performance and store protection. At the same time, we keep aesthetics in mind when we design them. Most people think of a rollshutter as something you would see in a large industrial setting, or maybe as a grill on a downtown shop. In most cases, you don't even know our product's there as it's made to blend into the building whether it's a commercial or residential building."

This approach has seen Talius win many highly respected clients, such as Walmart and Harley Davidson. The company is well versed in the requirements of branding, and as the cannabis industry develops that will be a major consideration for retailers and licensed producers across the country.

As Cahill points out, Talius' products are the very model of discretion and taste. He describes, "During the day our product is rolled up, out of sight, and out of mind. When deployed, our shutters not only provide a very high standard of security, but thanks to the company's full colour imaging process, they can blend in perfectly with any storefront. They provide many options for marketing, and still make sure that your brand image is prominent with a high-profile presence on the street."



TALIOUS®



Keep Vandals at Bay

It's easy to think that this would be an inviting target for vandals; after all, it only takes one person armed with a spray can to ruin it completely, costing you money as well as defacing your company's image. Thankfully, Talius already has a solution: an exclusive anti-graffiti coating.

Cahill says, "It's unique in the industry. Most anti-graffiti coating is sacrificial. If someone was to spray the rollshutter, you would be able to wipe off the paint, but you would also wipe off the coating. That's not the case with ours. We have a customer who has had one of our rollshutters for eight years, and has had to clean up graffiti 50 times. It just keeps wiping off."

An interesting trait about this technology is that it's highly frustrating for vandals. The

paint beads on the covering, so they can't actually write on it, which makes vandalism a truly fruitless endeavour.

Technology Makes Security Easier

One of the main aims of cannabis legalization is to eradicate the black market, and also to keep cannabis away from children and youth. Ensuring a safe, secure retail location is a major part of this, and Talius has worked with dispensaries to provide a state-of-the-art solution that uses something we all have in our pockets: a cell phone.

Cahill reports, "We can make it possible for our customers to give employees access to apps that are tied into the alarm system and will allow them to open the store. If that employee leaves, you can take that access

away from them. Alternatively, when an employee arrives at the store and contacts you, you're able to open the store remotely from anywhere in the world."

It's a tried and trusted technology; Talius has a client who lives in Hong Kong and is able to allow employees into his Vancouver store using an app.

Talius has another differentiating factor from their competition. Cahill explains, "One of the key things we do is to consult. We don't just sell; we closely understand what our customers' needs are and suggest a unique solution to meet those needs."

**Contact Talius at 1-800-665-5550
or visit www.talius.com.**



Developing an Engaging Brand

by Sherrin Western

Airfield, San Jose, CA - Courtesy of Brie Matulich

The cannabis culture has been around for decades, but it's now poised to enter the Canadian consciousness in a new and exciting way. What does it mean to business?

In some cities cannabis dispensaries are well established, so if you're setting up a new shop in those markets you will need to create a brand personality that stands out from traditional stereotypes.

As we are seeing south of the border, in US states that have legalized non-medical cannabis, there is a non-intimidating image being created: consumers enjoying cannabis for relaxation, stress reduction, and pain relief.

Creating a Welcoming Store

When you consider the new set of consumers that will emerge once buying recreational cannabis is legal across Canada, reactions to many existing dispensaries may be somewhat uncertain. Retail shops need to project a presence that these consumers will be looking for, one that speaks to professionalism and approachability. That is why creating a strong welcoming brand for cannabis retailers is critical.

Let's get into the head of one new group of consumers of legalized cannabis. Studies point to busy parents or working professionals as a large opportunity market. This group feels the pressures associated with modern life, and from juggling the many responsibilities they carry. When legal cannabis is available, these consumers may feel comfortable including cannabis as part of their stress reduction and relaxation plan. They will likely be looking for a retailer that enhances the shopping and education experience, as they may be apprehensive about engaging with a culture that is unfamiliar to them.

consumers, and they do that through multiple touch points. In today's marketplace, in-store experience and the retailer's online presence top the list. Another key component in building trust is how the brand enlightens their consumers. As cannabis is a new industry for the mainstream market, education will be important for attracting new customers and instilling their loyalty. There are so many unknowns and stereotypes that consumers need to navigate, the brands that embrace education and commit to helping their consumers learn without judgement will win.

Mainstream consumers will gravitate to stores that reflect a more urban chic feel.

Education as a Key Component of Branding

Successful brands build trust with their

Retail shops that have a well thought out brand, knowledgeable employees, and a welcoming retail experience will win with this consumer. Mainstream consumers will gravitate to stores that reflect a more urban



Airfield, San Jose, CA -
Courtesy of Brie Matulich

chic feel than the stereotypical medical marijuana dispensaries that people think of. Taking time to help the consumer learn about different strains, physical and mental effects, and various ways of consuming will all be important to building a long-term customer base.

Match Your Brand to Your Market

Branding is something that helps a business identity what it is and how it wants to be perceived by its target market. Business owners that think of this ahead of time and tailor all activities and messaging based on that brand will help consumers understand them. As a result, they can begin to identify with that brand as a retailer that is worthy of their business. As long as overall messaging and tone are consistent both online and in-store, the business will build a strong brand that can stand out over time. Any associated marketing activities must also be true to this tone and messaging for consumers to trust and rely on the brand. Add approachable and helpful customer service and education to this, and you have a winning combination.

BRAND OR BLAND?

Ontario Cannabis Store Logo Revealed

by Mark Glenning

The Liquor Control Board of Ontario (LCBO) has unveiled the name and logo of the agency that will sell recreational cannabis across the province.



The Ontario Cannabis Store (OCS) has opted for a plain initialism set inside a circle. According to a post on the LCBO's website, the name and image were designed "to convey a safe, simple and approachable environment for consumers and agency employees, in a clear and easily understood manner."

The LCBO followed this up with a statement that outlined the guiding principles of the branding, citing "government priorities of restricting access to youth, protecting public health and addressing the illegal market."

Developing a recognizable brand presents a multi-faceted challenge to licensed producers and retailers. At this point in time, it's made harder due to an evolving regulatory landscape, where the rules of the game are still being set.

Could this be the reason behind the simple, unadorned emblem? The LCBO hired marketing agency Leo Burnett to develop the brand strategy, guidelines and logo, and disclosed that the job cost a cool \$650,000.

Critics may accuse the logo of being bland and uninspiring, but there's no denying that it perfectly represents the government's required position on "responsible use". A more stylish or attention-grabbing logo could well contradict everything it stands for.

Making Success Happen

We build long-term relationships with owners of licensed liquor and cannabis businesses through strategic consulting.

We listen and find solutions to grow your business.

Contact Rebecca Hardin:
604.314.0176 rebecca@rebeccahardin.ca



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Airfield, San Jose, CA -
Courtesy of Brie Matulich

Think of Holt Renfrew, Forever 21, and Wal-Mart. Each of these brands carry ladies fashion. One brand or business model is no better or worse than the other. Each are profitable but they each target very different consumers. While neon pot leaves and Ché Guevara t-shirts will work for a certain demographic, they will not appeal to all. In other words, there is no one, single brand image that will work for everyone. You must decide which segment of the market you want to speak to and be consistent.

wine or spirits market, while others follow a convenience store model and sell single cans of beer by the cash register. These models can both be very lucrative and they appeal to their chosen demographic.

Sensory Aspects to Branding

Although there are some limitations about store graphics and signage, the key will be to create an in-store environment that is welcoming. Artwork can help enhance

on who you want to attract into your store. Plants can also contribute to a comfortable atmosphere.

The scent of your store is another consideration. If you want to attract a new user, you may not want an overpowering odour of cannabis to greet your customers. Diffusers throughout the store will mask this smell and provide a welcoming scent.

There will be additional issues and more clarifying details that will emerge in each province as we get closer to legalization, but regardless of the regulations and potential limitations that will be in place, licensed retailers that make it safe, welcoming, and easy to learn about this emerging industry are the businesses that will see success. ▀

You may not want an overpowering odour of cannabis to greet your customers.

Let's bring this analogy closer to home and think of private liquor stores in Western Canada. Some stores cater to the high-end

your brand and can be tailored to your target market. The art you select could vary from contemporary to classic depending

Digital Gardener is a boutique branding and marketing studio that is focused on helping cannabis producers and retailers create strong brands while navigating the new industry regulations. sherrin@digitalgardener.ca

What are Canadians Paying for Cannabis?



Statistics Canada went to Canadians to ask how much they're paying for cannabis. This data was crowdsourced from 17,139 reports that were voluntarily submitted online from January 25 to February 28, 2018.

The data disclosed that the national average price for a gram of cannabis was \$6.82.

Following is the range of average prices paid across Canada:

Quebec	\$5.89
BC	\$6.93
Atlantic	\$7.04
Prairies	\$7.25
Ontario	\$7.38
Territories	\$9.35

Breaking the data down by city, Torontonians pay the most at \$7.94 a gram, whereas Vancouverites pay \$7.62, Calgarians pay \$7.09, and Montrealers get a bargain at \$6.24.

Approximately two-thirds of the respondents reported using cannabis for non-medical purposes. Of those consuming cannabis for medical purposes 26% didn't have a document. ▲

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Setting Up Your Supply Chain

by Mark Glenning

Courtesy of Tilray

Effectively managing your supply chain can dramatically improve the way you do business. With legalization of recreational cannabis an evolving situation with many current unknowns, how can we apply what we already know to a brand new sector?

A Primer on Supply Chains

To put it in simple terms, supply chain management involves the coordination of all your business' activities related to giving your customers what they want, from pre-production to delivery of the final product.

During this process, the product—or parts of it—will change hands, from suppliers to manufacturers, to storage, to shipping, and eventually to delivery to your customers for consumption.

Arno Groll, director of operations at The Hydropharmacy Corporation says that the cannabis industry is no different from other regulated businesses, such as food processing or pharmaceuticals. As such, there are dozens of considerations, and he

gives an example: “The containers we use for our products must be child-resistant. We have to ensure that our suppliers are able to provide the proper certification that their containers meet Health Canada’s standards. In turn, we are able to provide the federal regulators with that certification.”

Setting up your Supply Chain

Cannabis has to meet standards for taste, aroma, pesticide use, and its mental and physical effects. This presents a challenging aspect of supply chains: the product should be up to the standards that you and your customers expect. This may involve a tour of the grow facilities involved, so you can be assured of the grower’s quality standards.

When setting up a supply chain management system, there are many varied areas that can be addressed to improve efficiency. These can include:

- Estimating the balance between supply and demand, and ordering accordingly
- Sourcing your product

- Storing and delivering your product
- Handling possible product returns
- Acting on feedback from your customers to improve your processes

Groll advises that you really do your homework, adding, “Distributors and retailers will have to ensure that their licensed producer (LP) is able to fulfill their requirements for not only quantity of products for their retail shelves, but quality as well.

“For example, here at Hydropharmacy we are in the midst of a major expansion of our greenhouse and production facilities to ensure we are able to meet the anticipated demand in the recreational cannabis market.

“We are about to finish a 250,000 sq. ft. greenhouse and break ground on a million sq. ft. facility. That means by the end of this year, we will be able to produce 108,000 kg of quality cannabis products, making us one of the biggest producers in the world.

“It took a lot of planning and preparation. Retailers need to ask potential LPs the right questions to make sure they are doing everything necessary to meet market demand.”



Open and honest communication is a must.

Develop Communication Systems

Open and honest communication is a must, and having a multi-level working relationship is key to making your processes work and tackling the problems that will inevitably crop up. An ideal supply chain relationship means that both customers and suppliers are connected in a way that allows an easy exchange of information about your company’s strategic plan and your demands. It can mean linking information systems via the Internet to reduce costs and improve quality, and to understand each other’s capabilities.

An arm’s length relationship with other elements in your supply chain may achieve

your goals in the short term, but will not do much to build a foundation for a long-term business relationship. Regular dialogue is important, and this means that you may have to share information about new products, strategies, and even your customers’ information that is traditionally considered secret. The more your producers and other partners know, the better your chances to really get to the heart of any problems or issues that may arise and to devise an effective solution.

Differences from the Medical Marijuana Model

Groll states that under the medical cannabis system, licensed producers operate on a ‘business to consumer’ system, meaning that product is sold to clients through a website and shipped directly to them, but that this will change after legalization. He adds, “We will continue to sell that way to some clients currently in the medical cannabis market, but we will also begin selling business to business, either by supplying provincial

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Courtesy of Tilray

bodies responsible for cannabis distribution or private retail stores.

“In many respects, legalization will reduce the level of complexity when it comes to the supply chain. When selling medicinal cannabis to clients or patients, LPs must register the customers and verify the validity of their prescriptions. LPs must also track the amount of cannabis ordered by a client against the client’s authorized amount. This will obviously not be the case when selling cannabis products in the recreational market.”

Cultivating Partnerships

Brendan Kennedy, Chief Executive Officer of Nanaimo-based Tilray, knows that there are many considerations in developing a supply chain. He says, “You should ensure

that all companies and partners comply with government regulations with regards to cultivation, processing, and packing. Tilray is committed to working with government organizations by maintaining an open dialogue to ensure the needs of patients are considered at every level.”

so they are knowledgeable to serve your customers.

His final advice? Cultivate partnerships with organizations that share a similar vision to your own and make a real effort to understand the evolving landscape of cannabis in Canada, but don’t lose focus

Ensure that all companies and partners comply with government regulations.

Employing the right people also plays its part. Kennedy advises you hire qualified candidates and ensure they receive consistent education and on-the-job training

on the customer. He confides, “Understand your consumer and patient needs; where they are, what types of products they need, and how they want to access it.”

INNOVATIONS

The market for cannabis products is expanding rapidly, and it's not all about the new strains coming to market. There's a growing appetite among consumers for other ways to enjoy it, such as tinctures and topicals, and even products for pets. Here's a round up of products that are breaking new ground:

Strains

Ghost Train Haze: Ghost Train Haze is a sativa-dominant strain. Its dense buds are a lighter green with orange and golden complementary tones. Its lineage is Ghost OG x Nevil's Wreck, with the former an indica-dominant strain and the latter sativa-dominant. Ghost Train Haze has notes of floral, citrus and hints of spice. THC: 26.03%, CBD: <0.05%. www.weedmd.com

Mango Haze: Mango Haze is a sativa-dominant hybrid that is crossed with Northern Lights #5, Skunk and Haze to create an uplifting, fruity variety. It exhibits a distinctive mango aroma coupled with spicy and sour undertones. The buds are dark green, resinous and dense with bright orange pistils. THC 8.97%, CBD 14.67%. www.weedmd.com

Wine Gums: Derek Pedro's Wine Gums is a high THC sativa with a Canadian bred lineage of Grape God x Grapefruit x Strawberry Kush and Pineapple Express. The result is a sativa-dominant hybrid that produces large, airy flowers with a unique terpene profile. THC: 23.89%, CBD: 0.1%. www.weedmd.com

Topicals

Apricot Kernel Massage Oil offers skin and health benefits with a longer shelf life than grape seed oil. It has the same cannabis infusion method and the same

potency. It's an antioxidant that is rich in oleic and linoleic acids, which are high in vitamins A and E, and helps to support the healthy functioning of circulatory, muscular, skeletal, and nervous systems. www.cannalifebotanicals.ca

Cannalife Botanical's bath soaks and scrubs have a new formula. The salts are now infused with MCT Oil and CO2-Extracted Cannabis Oil for improved shelf life. Available from www.cannalifebotanicals.ca.

Bioactive Rapid Patch™ is a fast-acting topical pain relief solution, powered by lidocaine and menthol, and infused with CBD Isolate Powder. It delivers convenient relief when and where your body needs it and so is perfect for muscle aches, back pain, arthritis and joint pain. It's discreet and so is easy to use in any setting. www.medigreen.ca

Tinctures

CBD Tincture: Terpene-Infused 550mg, 32mg. It's a lab tested, full plant spectrum CO2-extracted organic CBD oil infused with the terpenes limonene, linalool, myrcene, and theanine as well as therapeutic food grade pure essential oils. It uses an MCT oil carrier for maximum absorption and contains CO2-extracted organic CBD oil, MCT coconut oil, vitamin E oil, terpenes, essential oils of grapefruit, Sicilian lemon, sweet orange, and Kaffir lime. www.cannalifebotanicals.ca

PET Tincture: 400mg, 30mg. This is a full plant spectrum CO2-extracted organic CBD oil. It's lab tested and can be added to food as a daily herbal supplement that may help relieve your pet's anxiety, nausea, insomnia, and seizures. It contains CO2-extracted organic CBD oil, coconut oil, and pink Alaskan salmon oil, which makes it palatable for pets. www.cannalifebotanicals.ca

Bioactive Hemp Oil™ is a concentrate of pure, natural, non-GMO and THC-free CBD Isolate Powder. It uses MCT oil derived from organic coconuts and cold-pressed organic hemp seed oil, which maximizes naturally occurring essential fatty acids (Omega 3, 6, 9). This Bioactive tincture is free of preservatives, flavours and additives. www.medigreen.ca

Suppositories

Bioactive CBD Suppositories™ provide greater absorption rates of CBD. Suppositories have the benefit of bypassing metabolism in the liver, and it's an alternative method when oral intake may be restricted. Effects can be felt in as little as ten minutes after application, and last up to eight hours. www.medigreen.ca

Oral

Bioactive Xtend Caps™ deliver a unique blend of adaptogens—substances that help the body cope with stress—and CBD isolate powder that may help alleviate pain and maintain healthy muscles and joints. www.medigreen.ca

Bioactive Sleep Caps™ deliver a synergistic blend of adaptogenic herbs, melatonin, and CBD isolate powder to help relax the mind and body as well as promote restful sleep naturally. www.medigreen.ca

Bioactive Sleep Shots™ is a beverage containing adaptogens designed to deliver calmness and aid sleep. It's carefully crafted with Heneplex™ (a blend of terpenes), Passion Flower and Valerian Root. www.medigreen.ca



Marketing Your Store: A Case Study

by Ryan Hirsch

As you're starting to develop a marketing plan for your store, you'll need to manoeuvre your way around marketing and advertising rules and restrictions at the federal, provincial, and municipal levels. At the time of writing, those rules are still being written and they will evolve over time, so how can licenced retailers be innovative in their marketing?

Senses Working Overtime

There are some obvious trends that have been emerging within the industry. The most obvious ones to a marketer are the retail experience, the rise of health and wellness, brand ambassadors, and the pet era. Come the end of this summer, the retail experience is going to be a key factor in success for shops moving forward.

Appealing to all five senses is going to be a touchstone of marketing for any licensed retailer. At Aura, for example, upon entering

the shop, it's quickly noticeable that the overall look and feel of our member area is vastly different than what you may have seen elsewhere in Vancouver's many dispensaries. All of our flower strains are on the shelf for

purchasing. It's then all down to adding and creating value past the point of purchase that aims to bring members back through the doors.

Appealing to all five senses is going to be a touchstone of marketing.

members to handle and experience how they feel, customers can view them through a microlens for a new visual perspective on the product, and are even able to smell each strain's aroma through their chambers. We have samples and testers for all of our topicals and tinctures, so that every member knows exactly what they are getting prior to

Adding Value to the Cannabis Experience

Adding value allows a lot of flexibility for marketers. It means that you can further underline what your brand values are, and embody them by demonstrating how cannabis can be a part of other activities and elements of everyday life. For example, Aura



Partner with yoga practitioners, counsellors, nutritionists, and fitness instructors.

looks to do this through programs, such as our partnership with a company called Flower & Freedom, which aims to empower healthy lifestyles through the exploration of cannabis. We host monthly fitness classes, both in-house as well as out in the community, which are free for all of our members to attend. The classes usually start with a short 10-15 minute educational chat that discusses the best ways to incorporate cannabis use into personal wellness and an active lifestyle. We also look to bring onboard brand ambassadors as we continue to build out our team. By partnering with yoga practitioners, counsellors,

nutritionists, and fitness instructors, we are able to get our message out through their own social networks and channels.

Community will be Key

Building a sense of community will be very important for retailers. When talking to medicinal cannabis users, there's a sense of "togetherness", and this will surely cross over to recreational users as people find use for the different products that will be hitting the market. For example, cannabis therapy for pets holds huge potential. As part of its next phase of development, Aura's brand

ambassador program will see a team of dog walkers who will be out in communities to represent us, handing out samples of dog treats and some of our pet product offerings.

As companies join the rush to obtain licenses to legally sell product across the country, establishing yourself as an educational resource about the benefits of cannabis is a great way to start to build a solid framework to succeed when legalization happens.

Editor's Note: Marketing rules will be dictated by the federal government and each province, so the ideas expressed in this article may not be legal for your store. Each store owner must be diligent in following the laws related to cannabis marketing. ▀

Ryan Hirsch is Marketing Manager at Aura Cannabis, a medical marijuana producer and distributor based in Vancouver.

The Patchwork of Provincial Cannabis Retail Rules

by Kim Haakstad

While you cannot legally sell recreational cannabis in Canada just yet, our provincial and territorial governments are busy getting ready for the passage of the *Cannabis Act*. Though the exact timing remains uncertain, all eyes are on the Senate to see how long it spends providing sober second thought on Bills C-45 and C-46.

Regardless of timing, the Act enables provinces and territories to create their own system for the wholesale distribution and retail of cannabis, which is well underway. The systems are similar to the role provinces play in liquor distribution and retail, and just like liquor, there is a patchwork of private, public, and mixed models developing (see table).

Models Mirror Liquor Systems

While the provincial models may differ from one another, many are mirroring their own liquor distribution and retail systems, including Ontario, BC, and Alberta.

Ontario's strictly public model is viewed as overly restrictive, with a limited number of stores (40 to start) and slow growth planned

over time. Ontario is planning for 150 cannabis stores by 2020. As a comparison, there are currently 660 LCBs and 212 agency stores in the province. Premier Kathleen Wynne was challenged on this access aspect of legalization at a recent town hall she hosted and said 40 stores is just the beginning, however, very few individuals expect this model to curb demand or meet the federal government's objective of eliminating the black market.

While BC is sticking to their liquor retail model of mixed public and private stores, there is one important difference: there will be no provincially-set limit on the number of stores, at least for the time being. Instead, municipalities will have the ability to limit the number of stores through separation criteria, zoning, caps on licences, or by outright banning stores within their communities.

Over in Alberta, even an NDP government did not put the government back into the storefront business, as Premier Rachel Notley's government has opted for fully private retail. However, Alberta finds itself aligned with the majority of other jurisdictions in opting for online sales run by the government; something many believe will prove challenging for provinces not yet in the online retail business. Only Saskatchewan and Manitoba have allowed for privately-run cannabis e-commerce right from the start.

The Political Landscape

Politics is also serving to shape these retail and wholesale models. While Ontario's system is not expected to come close to meeting the perceived demand, there is a provincial election scheduled for June 7. Current Premier Kathleen Wynne is in the fight of her life, making

Province/Territory	BC	Alberta	Saskatchewan	Manitoba	Ontario	Quebec
Minimum Age	19	18	19	19	19	18
Retail Model	Mixed	Private	Private	Private	Government	Government
Number of Stores	Limited only by municipal zoning	No limit but no entity can hold more than 15% of total licences	60 retail permits available spread across 40 communities	Number of stores TBD. 4 entities granted approval to operate locations	40 stores in Year 1, 80 by July 2019, and 150 by 2020	15 locations at the outset
Licensing Body	Liquor Control and Licensing Branch	Alberta Gaming, Liquor & Cannabis	Saskatchewan Liquor and Gaming Authority	Manitoba Liquor, Gaming and Cannabis Authority	Ontario Cannabis Retail Corporation	Société québécoise du cannabis
Retail licence applications open <i>as of publication deadline</i>	Not yet open	Open, no deadline to submit	Open until April 10	Closed	N/A	N/A
Distributor	BC Liquor Distribution Branch	Alberta Gaming and Liquor Commission	Saskatchewan Liquor and Gaming Authority	Manitoba Liquor and Lotteries Corporation	Ontario Cannabis Retail Corporation	Société québécoise du cannabis
Online Sales	Government	Government	Private	Private	Government	Government

it unsurprising that her government stuck to a restrictive system of government retail. Many expect that if she wins the election, Ontario will accelerate the pace of store openings, while new Ontario Progressive Conservative leader Doug Ford is on the record saying he would open up the cannabis retail market to private business.

Though Quebec is largely following Ontario’s lead, the province’s enabling legislation for legalization permits a pilot project for private retail with up to five private retail locations being considered.

In New Brunswick, Premier Brian Gallant’s Liberal government sees legal recreational cannabis as an economic development opportunity, providing numerous incentives for licensed producers to set up shop in the province. The province’s economic development arm, Opportunities New Brunswick (ONB), is out promoting New Brunswick as the best place in the country for cannabis companies. ONB and the government see this as an opportunity to create high-skilled and high-paid jobs in the province and as a way to grow Atlantic exports around the world.

Politics in BC means that the province is behind many others in creating a retail system, given that Premier John Horgan’s minority government gained power through an agreement with the BC Green Party almost two months after election day. Legislation is expected later this spring, but Horgan’s government is already showing a more open approach than the previous government had. For example, the BC government has not prohibited current illegal dispensaries from receiving a legal licence. Existing stores will not be given priority, owners will be subject to robust background checks, and locations will require local government approval, which the vast majority do not currently have.

Arrangements with Licensed Producers

Manitoba plus Newfoundland and Labrador have each entered into arrangements with licensed producers for the creation of retail stores. In BC, tied houses are not permitted. In layman’s terms, this means that producers can own retail stores but not sell their own products; something frustrating to many LPs that were hoping to enter the private retail market in the home of BC Bud. Once again circling back to liquor retail, BC only recently removed the tied house restrictions from licensed liquor premises.

Be Ready for Change

As folks in the liquor industry know well, this is only the beginning—the retail rules will change over time. Change in regulations, tinkering with the system and the debate about whether or not government should be involved in the retail business will naturally extend to cannabis.

Think of the provincial system as a patchwork. There remains much to learn, and the role of municipalities in zoning, business licensing, and law and bylaw enforcement has yet to be extensively discussed. What is known is that the first year of legalization will not run as smoothly as some politicians might promise. Expect plenty of discourse surrounding access and demand, and try to remember that it usually takes a bit of time for governments to get things right. ▲

*Kim Haakstad
CannabisCONNECT, Global Public Affairs
Globalpublic.com*

Newfoundland & Labrador	New Brunswick	Nova Scotia	PEI	Yukon	Northwest Territories	Nunavut
19	19	19	19	19	19	19
Private, public where there is no private retailer	Government	Government	Government	Government-run to start then private	Government-run, only where there is no physical store	Mixed
41 stores expected in Year 1	31 locations expected in Year 1	9 locations expected in Year 1	4 locations in Year 1	1 physical location in Whitehorse in Year 1	Initially within existing liquor stores	No physical stores in Year 1
Newfoundland and Labrador Liquor Commission	CannabisNB	Nova Scotia Liquor Corporation	PEI Liquor Control Commission	Government of Yukon	NWT Liquor Commission	Nunavut Liquor Commission
Applications close March 29	N/A	N/A	N/A	Not yet open	N/A	Not yet open
Newfoundland and Labrador Liquor Commission	Cannabis Management Corporation	Nova Scotia Liquor Corporation	PEI Liquor Control Commission	Government of Yukon	NWT Liquor Commission	Nunavut Liquor Commission
Government-run at the outset	Government	Government	Government	Government	Government-run, only where no physical store	Government

Indigenous Community Commits to Recreational Cannabis

by Mark Glenning

The Fort McMurray #468 First Nation has announced that it will produce and sell legalized cannabis, joining other Indigenous communities across Canada.

July 2019 should see the band build a growing facility on reserve land 40 km south of Fort McMurray, initially with a 24,000 sq ft capacity. However, it has ambitions that lay way beyond this, with plans to expand the operation's footprint by more than ten times. The Cree and Chipewyan government has reserves of approximately 31 sq km located near Fort McMurray, and is governed by Chief Ron Kreutzer and two councilors.

The facility will be called Sweet Grass, and it's hoped that when fully operational, it could produce thousands of kilograms of marijuana every year.

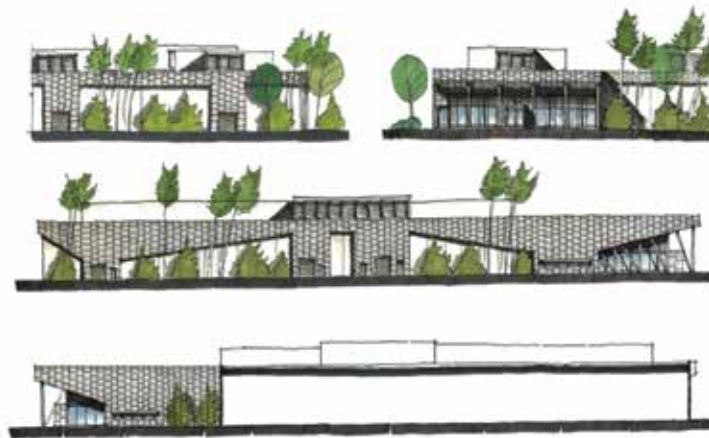
Looking Beyond Non-Renewables

Speaking to CBC news, Brad Callihoo, the CEO of the Fort McMurray #468 First Nation, related how the band wanted to move its business interests beyond the development of oil and gas. He said, "When the oil prices dropped, the Fort McMurray First Nation's business arm really suffered."

"Chief and council really focused on economic diversification and cannabis was definitely an area that we looked at along with a few others."

He added that the band had actually been considering the economic opportunities offered through becoming a federal and provincially-licensed supplier for the last five years, as it had studied industry trends and anticipated that legalization of recreational cannabis was a real possibility.

The announcement highlights a unique opportunity for that has been presented to Indigenous communities across Canada. The recreational cannabis industry is new, which makes for a more level playing field; many licensed producers and retailers are getting in at the ground floor instead of fighting to catch up with more established businesses. Licensed medical marijuana grower Indigenous Roots has focused on providing prescription cannabis to First Nations communities, but a recent partnership with Cronos—the first Canadian producer to



Courtesy of RavenQuest Biomed

trade on the Nasdaq—is an indicator of how serious Indigenous businesses are about the recreational industry as a whole.

Christina River Enterprises, the business arm of the #468 First Nation, is set to construct and operate the new growing facility. First, it plans to raise \$150 million in startup capital, but further down the line, it hopes to open up retail stores both on and off reserve land.

Industry Experts to Team Up

RavenQuest Biomed, a company that specializes in providing management services, technology solutions and ongoing support to clients designing and building cannabis production facilities, is partnering with the band. It will provide expertise in the engineering, architectural and geotechnical aspects of Sweet Grass as well as consultation on government relations.

George Robinson, CEO of RavenQuest, says, "We intend to emerge as the trusted provider of choice for Indigenous Peoples' Cannabis industry partnerships across Canada. This mutually beneficial agreement represents an important first step in this direction. We are extremely excited to enter into this unique partnership with Fort McMurray #468 First Nation."

Mathieu McDonald, who leads corporate communications for the company, reveals the potential scale of Sweet Grass reporting, "This facility will produce 2,600 kilograms of cannabis per year. That translates to approximately \$13 million per year in revenue."

This could be just the beginning for Indigenous peoples across Canada. Taking into account the United Nations Declaration on the Rights of Indigenous Peoples and the Truth and Reconciliation Commission of Canada, RavenQuest believes that the government will be motivated to pave the way for Indigenous communities to own as much as 20% of the overall Canadian cannabis market.

Opportunities Abound

Citing an analysis carried out by brokerage firm Canaccord Genuity, McDonald adds, "The medical and recreational sector together will generate annual revenues in Canada of \$7.8 billion by 2021. That's the size of the market just in sales of cannabis alone, not counting ancillary products such as vaporizers."

"As a company, RavenQuest has put a lot of work and passion into our relationships with Indigenous communities as we communicate with the federal government and develop investments in this burgeoning industry. This is a real opportunity for these communities to share in what we believe will be a huge industry in Canada."

The significance of the licensed recreational cannabis sector was underlined by Chief Ron Kreutzer, who explains, "Given the positive and sustainable economic development this partnership means for our community, we recognize the importance of being early movers as the cannabis industry continues its rapid expansion." ■

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