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Capstoned: Advertising Research, Account Planning, and the Development of a Marketing Plan for Recreational Marijuana in Denver, CO

Erica Clapp

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Capstoned: Advertising Research, Account Planning, and the Development of a Marketing Plan for Recreational Marijuana in Denver, CO

A Capstone Project Submitted in Partial Fulfillment of the Requirements of the Renée Crown University Honors Program at Syracuse University

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May 2014

Honors Capstone Project in Advertising

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Abstract

One of the hottest current issues in the United States among politicians and many other groups of citizens is the legalization of recreational marijuana. This issue has a long history, and it has constantly resurfaced in the media for years. However, the recent attention being given to recreational marijuana legalization is not going to die down anytime soon, for landmark progress has been made in this area. On November 6, 2012, Colorado Amendment 64 was passed, implementing a statewide drug policy for cannabis. Consequently, Colorado has taken a revolutionary step that marks the first electoral decision to legalize marijuana in not only the United States, but also the world. Both sides for and against Amendment 64 have compelling arguments. Only one thing is for certain, which is that Colorado has a new reality. Whether Coloradoans like it or not, many of them are now living in communities that have legalized the use of recreational marijuana. This new reality provides for many changes, and with change comes opportunity. The most notable opportunity is of an entrepreneurial nature. If granted a license, Coloradoans are authorized to sell recreational marijuana in retail marijuana stores.

The first marijuana retail stores are the pioneers of this new industry; their position is one that I find fascinating. For this reason, I have chosen to create an all-encompassing marketing plan for recreational marijuana in the state of Colorado. To elaborate upon the “all-encompassing” aspect, I covered this topic from a 360 degree angle by thoroughly reviewing the limited amount of secondary research and conducting primary research by visiting Denver, CO during November 22nd-30th, 2013. This immersive and insightful trip was made possible by a generous Crown/Wise award that allowed me to conduct fourteen in-depth interviews. These included four Denver City Council members, two medical marijuana dispensary employees, two campaign leaders, two industry group leaders, two Colorado state employees, a journalist from the “Denver Post,” and a college professor. I also talked to more dispensary employees and citizens of Denver.

In this marketing plan, I have included an extensive background of the medical and recreational marijuana industries and the “four P’s” (product, price, place, and promotion- including advertising executions), which ultimately answer the question of what recreational marijuana will look like as a typical consumer product. Also, I have included a hypothetical setup of a Recreational Marijuana Store, the only place where this new product will be sold, according to The Colorado Department of Revenue Marijuana Enforcement Division Regulations.

The majority of what I learned has been incorporated into this report, but at the core of my research lie five main findings. First, recreational marijuana has an image problem due to its controversial nature and negative connotations; it will take time for recreational marijuana to gain the same type of social and political acceptance as other vice products and consumer goods. Second, to fix this image problem, recreational marijuana must be “seamlessly integrated” into Colorado society (and other places), meaning that it has minimal, if any, negative social
consequences. Many people are wary of recreational marijuana, which they think will disrupt and change society for the worse. Third, compliance and transparency within the industry is the key to achieving this “seamless integration” that will ideally lead to national legalization. The majority of players in the industry want to do things right and aim for self-regulation. Fourth, there is a divide between those who want to preserve community standards and those who want to maintain their individual rights; in Denver, rule makers are striving to strike a balance between both groups. Fifth, as similar as the medical and recreational marijuana industries are, there is a fundamental difference, which is that the recreational marijuana industry is profit driven. This industry has already become much larger than the medical marijuana industry, and it will continue to grow as it becomes more established.
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Executive Summary

Before reading this project, take note that this it has been a work in progress since August 2013 until its completion in April 2014. There are various facts and figures that were current at the time of their writing. However, some of this information may have changed because of the ever-developing nature of the recreational marijuana industry and marijuana legalization in general. These two realms are ongoing processes that change by the day.

One of the hottest current issues in the United States among politicians and many other groups of citizens is the legalization of recreational marijuana. This issue has a long history, and it has constantly resurfaced in the media for years. However, the recent attention being given to recreational marijuana legalization is not going to die down anytime soon, for landmark progress has been made in this area. On November 6, 2012, Colorado Amendment 64 was passed, implementing a statewide drug policy for cannabis. Consequently, Colorado has taken a revolutionary step that marks the first electoral decision to legalize marijuana in not only the United States, but also the world.

Additionally, Amendment 64 becomes even more significant in light of the way the majority of the United States continues to view marijuana—as an illegal substance. On October 27, 1970, Congress passed the Controlled Substances Act (CSA), which classifies drugs and other substances into five categories, or schedules. These classifications are made by the Drug Enforcement Agency and the Food and Drug Administration. For decades, marijuana has been classified as a Schedule I Controlled Substance. To elaborate: “Schedule I drugs,
substances, or chemicals are defined as drugs with no currently accepted medical use and a high potential for abuse. Schedule I drugs are the most dangerous drugs of all the drug schedules with potentially severe psychological or physical dependence.” (“DEA / Drug Scheduling,” n.d.) In 1971, President Nixon declared a “war on drugs.” At the same time, the National Commission on Marijuana and Drug Abuse, which was created by the CSA, was taking place. When this commission presented its final report on March 22, 1973, it made two conclusions that seemingly contradict marijuana falling under Schedule I. First, the commission recommended the decriminalization of marijuana. Second, it found that there is little chance of physical or psychological harm from the use of marijuana. (Sterling, 2013) Nonetheless, marijuana remains a Schedule I Controlled Substance, and there are significant ramifications for using it. As a Schedule I Controlled Substance, marijuana has garnered a large amount of social stigma. From the time children in the United States are young, they are told to stay away from marijuana and other drugs. Around the same time Nixon’s “war on drugs” began, there was “unparalleled drug abuse among our [U.S.] youth in the 1970’s and early 1980’s.” In response, the Drug Abuse Resistance Education (D.A.R.E.), one of the best known educational programs for children was founded. D.A.R.E. communicates information on the negative aspects of marijuana and other drugs. (D.A.R.E., n.d.) Furthermore, there were and are many negative stereotypes of marijuana users that have been reinforced by the aforementioned social stigma. However, the user base for marijuana extends far beyond “the underachiever who loses their train of thought mid-
sentence and chuckles clumsily.” (Sack, 2013) Indeed, people of all ages use marijuana for a variety of reasons, including pain relief. Although the negativity associated with marijuana is still very prevalent in the United States society, there is widespread growth of another opinion—that marijuana is not so bad.

Supporters of this viewpoint argue that marijuana should be taken out of Schedule 1. The Marijuana Policy Project, a very influential, nonprofit organization in the United States, maintains that marijuana prohibition has not worked in the United States, resulting in economic and social injustices. For this reason, supporters believe marijuana policy in general should be reformed, namely in terms of decriminalization and legalization. There are many arguments that accompany this viewpoint. Often, supporters draw upon the National Commission on Marijuana and Drug Abuse’s findings that say marijuana should be decriminalized and that there is little chance of psychological or physical harm. This movement has generated numerous discussions and literature that have magnified the issue, constantly keeping it a current event as various changes have occurred. One of the most notable has been the decriminalization of nonmedical marijuana possession in 17 states. Additionally, 20 states and Washington D.C. have legalized medical marijuana. (Kampaia, 2013)

Further progress has been made in recent months, indicating that Americans have become more liberal in opinion over marijuana policy. Even the media have begun to head in this direction. On August 8, 2013, Dr. Sanjay Gupta, CNN’s Chief Medical Correspondent, published an article entitled “Why I Changed My Mind on Weed.” (Gupta, 2013) In this article, Gupta acknowledges
his one-hour documentary “Weed,” which aired on August 11, 2013. This documentary highlights the medical advantage of marijuana, specifically in the fortunate case of Charlotte Figi, a 5-year-old girl with epilepsy.

Again, there are strong arguments toward both sides; however, the legalization and decriminalization of marijuana has experienced a significant increase in support from Americans in the past few years. In 2011, Gallup reported that 50% of Americans support the legalization of marijuana. (Newport, 2011) In 2013, the Pew Research Center found that 52% of Americans support the legalization of marijuana. (“Majority Now Supports,” 2013) In 2012, 66% of people in specifically Denver supported the legalization of marijuana when they passed Amendment 64. (“Amendments and Propositions,” n.d.)

In the Colorado state constitution, Amendment 64 is executed as article 18 section 16: “Personal use and regulation of marijuana.” (“USA, Colorado,” n.d.) There are a few main points covered in Amendment 64. Here is a summary of these points: Coloradoans who are twenty-one years of age or older can legally grow cannabis plants and keep all weed produced from said plants if they are kept in a private place. Also, they can legally carry up to one ounce of weed, and one Coloradoan can give up to one ounce of weed to another Coloradoan as a gift. In addition, the amendment text calls for licenses for “cultivation facilities, product manufacturing facilities, testing facilities, and retail stores.”

Since Amendment 64 was passed, there has been widespread debate about how this new industry will be feasibly implemented. There is a longstanding black market for marijuana prevalent in a variety of locations both in and outside
the United States, which causes dangerous conflicts on an international level. This black market is without regulation, a general situation of which marijuana legalization critics are wary. Without proper regulation, countless negative effects and scenarios could easily occur. For example, what is going to stop the passage of marijuana from Colorado into other states, a situation that could potentially supplement the already existing black market?

The answers to this and other such questions are extremely complex. The U.S. government recognizes this fact, and questions whether effective regulation can actually be implemented. Consequently, the government was considering challenging the legalization of marijuana in Colorado and Washington. However, this federal debate took a new direction on August 29, 2013 when the Obama administration said it will no longer find people in Colorado or Washington guilty of marijuana offenses provided certain regulations are met. (Dennis, 2013)

These regulations are many and detailed, and it has taken the U.S. government a while to decide exactly what they are. On September 10, 2013, the Senate Judiciary Committee held a milestone hearing on the legalization of marijuana for the purpose of discussing state laws that legalize marijuana in light of the federal prohibition of the drug. This hearing was partly centered on a Justice Department memo that described how marijuana would be regulated in Colorado and Washington. (Leinwand Leger, 2013) The significant outcome was federal support for the memo; although, the Justice Department has declared its intentions to intervene if Colorado or Washington does not safely and effectively regulate marijuana.
For this reason, on September 9, 2013, The Colorado Department of Revenue submitted its regulations that will be enforced by the Marijuana Enforcement Division. These rules range from retail store licenses to product packaging. The following is a summary of the main highlights as quoted from an article in the “Denver Post”: (Ingold, 2013a)

- All marijuana stores, cultivation facilities and marijuana-infused products makers must be licensed and pay fees ranging from $2,750 to $14,000.

- Until October 2014, recreational marijuana stores must grow themselves almost all the pot they sell.

- All businesses must use the state's forthcoming online inventory tracking program to document their marijuana's journey from cultivation to processing to sale.

- Businesses must follow extensive security requirements, including having a surveillance camera that can document marijuana sales and “the customer(s) and employee(s) facial features with sufficient clarity to determine identity.”

- Marijuana must be placed into opaque, child-resistant packages before leaving the store. The packages must also contain a label that lists the pot's potency and any non-organic pesticides or fungicides used in its cultivation.

- Marijuana stores cannot advertise in places where kids will likely see it, including on television, on the radio or in newspapers where there is
"reliable evidence" that "more than 30 percent of the audience ... is reasonably expected to be under the age of 21."

- Marijuana businesses are subject to an audit or inspection by the state Marijuana Enforcement Division at any time.

The Department of Revenue rules are meant for the entire state of Colorado. Recalling the Amendment 64 text, the regulation of marijuana will be the responsibility of local governments. It is perhaps for this reason that over twenty-four cities in Colorado have chosen not to partake in the selling of recreational marijuana. (Ferner, 2013) Colorado’s state capitol, Denver, has opted in, however. Denver has a well-established community of those involved in selling and consuming medical marijuana, so the drug itself is nothing new. As the location of the Colorado Department of Revenue and its Marijuana Enforcement Division, Denver is at the center of the action. It will be interesting to see the social and economic changes that occur as recreational marijuana begins to sell in Denver. For all of these reasons, Denver is the focus of this Capstone project.

Even with the passing of Amendment 64 and recent federal announcements, it is evident that the legalization of recreational marijuana has stayed just as, if not becoming more, controversial. National organizations like the Marijuana Policy Project continue to make their voices heard in the ongoing debate. Students for Sensible Drug Policy (SSDP), which is based in Washington, D.C., is a grassroots movement dedicated to ending The War on Drugs. (“Students for Sensible,” n.d.) SSDP has become very widespread; there is a
chapter here at Syracuse University. In addition, the National Organization for the Reform of Marijuana Laws (NORML) is a nonprofit that would like to see the legalization of non-medical marijuana. (“Working to Reform,” n.d.)

Both sides have compelling arguments. Only one thing is for certain, which is that Colorado has a new reality. Whether Coloradoans like it or not, many of them are now living in communities that have legalized the use of recreational marijuana. This new reality provides for many changes, and with change comes opportunity. The most notable opportunity is of an entrepreneurial nature. If granted a license, Coloradoans are authorized to sell recreational marijuana in retail marijuana stores. These first establishments are scheduled to open on January 1, 2014.

Such retail venues have never existed before, which raises the question of how to go about opening and sustaining one. Some of the details have already been mandated by The Department of Revenue rules; however, a large amount has yet to be determined.

The opening of retail marijuana stores will be a historical event for the United States, and will inevitably receive significant attention from the media. This exposure alone will not be enough for marijuana retail stores; they need a plan of action. Creating and running any sort of business requires a thorough business plan. The marketing plan is an integral component of a business plan, and a good marketing plan includes advertising.

The first marijuana retail stores are the pioneers of this new industry; their position is one that I find fascinating. For this reason, I have chosen to create an
all-encompassing marketing plan for recreational marijuana in the state of Colorado. To elaborate upon the “all-encompassing” aspect, I covered this topic from a 360 degree angle by thoroughly reviewing the limited amount of secondary research and conducting primary research by visiting Denver, CO during November 22nd-30th, 2013. This immersive and insightful trip was made possible by a generous Crown/Wise award that allowed me to conduct fourteen in-depth interviews. These included four Denver City Council members, two medical marijuana dispensary employees, two campaign leaders, two industry group leaders, two Colorado state employees, a journalist from the “Denver Post,” and a college professor. I also talked to more dispensary employees and citizens of Denver.

My complete interview agenda is at the end of this chapter. Twelve of these interviews were recorded in MP3 format; the audio files are available upon request. The majority of these interviews lasted from thirty minutes to one-and-a-half-hours.

In this marketing plan, I have included the “four P’s” (product, price, place, and promotion- including advertising executions), which ultimately answer the question of what recreational marijuana will look like as a typical consumer product. Also, I have included a hypothetical setup of a Recreational Marijuana Store, the only place where this new product will be sold, according to The Department of Revenue regulations. Granted, there are many regulations that have been set forth regarding the advertising of recreational marijuana. One of the Department of Revenue regulations states that “marijuana stores cannot advertise
in places where kids will likely see it, including on television, on the radio or in newspapers.” (Ingold, 2013a) As a whole, this new industry will be regulated in a similar manner to the alcohol industry, despite clear differences that arise from the fact that alcohol is federally legal, and marijuana is not. Some notable regulations include: not allowing distribution to minors under the age of 21, the growth of recreational marijuana on public land, or taking it across state lines where it is still prohibited. (Vogt, 2013)

Despite these heavy regulations, both owners of retail marijuana stores and marketing and advertising agencies are seizing the opportunities that will soon be provided by the recreational marijuana industry in Colorado. Jared Mirsky, founder of Seattle-based Mirksy Media, took the initiative to create a new media company dedicated to the advertising of recreational marijuana. In a phone interview, Mirsky commented on the opportunities presented by the recreational marijuana industry: “Nobody really jumped on it before because there were so many risks involved. But what kind of entrepreneur doesn’t want to take a crack at a lucrative opportunity?” (J. Mirsky, personal communication, September, 11, 2013) Another person taking advantage of this new industry is Noel Abbott, who founded THC Media Group, which offers Web page design and other marketing services to clients in the marijuana industry. (Melendez, 2013) In the midst of the skepticism and heavy regulation surrounding the advertisement of recreational marijuana, THC Media Group has created a proposal for marketing ethics in the cannabis industry; it is smart to recognize that standards should be set, for advertising recreational marijuana is clearly advertising a sensitive product. The
highlights of these marketing ethics rules, as quoted from the THC Media Group website, are: ("Marketing Ethics, n.d.)

- Cannabis marketing and advertising materials should portray cannabis responsibly.
- Cannabis marketing and advertising materials should be targeted to adult consumers of legal age.
- Cannabis marketing and advertising materials should not emphasize or exaggerate the effects of cannabis consumption.
- While cannabis advertisements may contain romantic or flirtatious elements, they should not contain overt sexual references or explicit sexual activity.
- Advertising and marketing materials for cannabis should strive for social responsibility in their portrayals, and should not depict scenarios that undermine or negate the basic human dignity of a person or group of people based on their race, gender identity, sexual orientation, nationality, religion, age, and physical or mental ability. Cannabis advertisers should strive to be aware of and to avoid the use of stereotypes in their portrayals.

By nature, this project relies heavily on creative elements, which I executed while bearing marketing ethics in mind. However, I did not discount the need for realistic elements as well. My goal was to incorporate equally important facts of the situation that is unfolding in Denver. I accomplished this through both primary and secondary research. Concerning the latter, I referenced a wide variety
of historical and contemporary literature that became the foundation for this chapter. It is very exciting to follow the media as updates are reported, yet secondary research has its limits. In other words, because marijuana has not been a socially accepted product to consume in American society, there are essentially no official marketing studies that have been done on it. For example, Mediamark Research & Intelligence’s MRI+ Reporter, Simmons OneView, and Mintel are the two main research databases used for this purpose in both Academia and the professional realm; neither covers marijuana. Thus, primary research is where my real need for information lay, and is the basis for Chapter 2: Methods: Primary Research.
Acknowledgements

To put it simply, my advisor, Carla Lloyd, is in large part responsible for the success of this Capstone project. Two years ago, I started the Capstone process at the same time that I was in one of Professor Lloyd’s Advertising courses. She taught content in a thorough and exciting way that was applicable to the real world. Many times, I came to Professor Lloyd’s office hours to ask a few questions, but I ended up staying much longer to discuss other related subjects. I realized that Professor Lloyd enjoys intellectual discussions because she has a vigorous passion for learning and a natural curiosity. This is when I decided to ask her to be my advisor; I knew she would not only listen and give feedback on my ideas, but that she would also offer different perspectives that inspired me. At this point, my interests lay in many different areas, and I went from topic to topic. Not once did Professor Lloyd grow tired of this, and she received each idea with enthusiasm, offering helpful advice. I had many topics that interested me, but I was not truly passionate about any of them. When I expressed these frustrations to Professor Lloyd this past summer, she offered various resources and helped me think of additional topics. Finally, I landed upon the current events surrounding recreational marijuana legalization.

I was not hesitant to propose this topic to Professor Lloyd because I knew she has an open mind. As expected, she found this topic to be unique and fascinating. Together, we explored the happenings of recreational marijuana legalization in Denver, CO. As we began to meet weekly, Professor Lloyd was eager to know everything I was learning. The ever-changing nature of this topic meant that I had to keep up with significant events as they occurred on a daily basis. However, for as much as I knew, Professor Lloyd helped me realize that the way to really know this topic was to visit Denver, CO. Previously, I had never imagined myself acquiring a Crown/Wise research grant, but Professor Lloyd’s encouragement and support helped me make this a reality. She taught me the skills I needed to conduct primary research, and she helped me establish contacts by personally referring me.

This is just one example of how Professor Lloyd continually pushed me to reach my full potential and continually redefine my self-expectations. I have done this in regards to not only this Capstone project, but also my future. I consequently have new ideas of what I can accomplish in the near and far future. Professor Lloyd has her own responsibilities, goals, and commitments as a full time professor, wife, and mother. Despite a busy schedule, she has always made time for me and put forth her best effort in advising me. I cannot put into words how much I appreciate that. Here, I have tried, but the true contributions of my advisor go far beyond what I have described. Again, without her, I would not have been able to achieve this Capstone project, and I would be a very different person. So, thank you, Professor Lloyd; your kindness and generosity will be remembered for a long, long time.
The primary research incorporated into this Capstone project was so rich and telling due to the willingness of the interviewees. All of these people were extremely receptive and helpful, and many of them referred me to follow-up contacts and resources that augmented my project even more. I would like to personally thank: Larisa Bolivar, Meg Collins, Susan Shepherd, Mike Elliott, Christopher Herndon, Mary Beth Susman, John Jennings, Betty Aldworth, Jordan Wellington, Sam Kamin, Paul Lopez, and John Ingold. And a special thanks to Justin Hummell for his hospitality and willingness to give me a tour of the Mile High Green Cross medical marijuana dispensary and grow facility. Also, thank you to Lorenzo Archuleta and Glenn Guzzo for their help in establishing contacts to interview.

Visiting Denver would not have been possible without the generous financial contribution of the Crown/Wise Award committee; thank you for being so open-minded and willing to give this controversial topic a chance. I also appreciate the assistance of Eric Holzwarth in completing the application for this award. Eric has provided guidance throughout the entire Capstone process, and the creation of this project has been smooth thanks to his encouragement and deadline reminders. Thank you to Ken Harper for being the Reader of this Capstone project. The time he spent reviewing it and his comments are much appreciated.

I would like to thank my close family and friends who have provided interesting and influential perspectives on this project as they have willingly listened to me talk about it for the past year. I thank Michael Langkamer for bringing me to and from the airport when I visited Denver, and for making it possible for me to visit Seattle, where recreational marijuana has also recently become legalized. It was insightful to compare Denver and Seattle. And last but not least, I thank my parents, Arlene and John Clapp, for supporting me; without you, I would not have had the chance to create a Capstone project at Syracuse University in the first place.
Advice to Future Honors Students

There are many tips and tricks I could give you, such as “start early,” “stay on track,” etc. However, one will naturally encounter this and much additional advice simply by interacting with professors and peers during the Capstone process. This interaction is the most integral element to a successful Capstone, for it will offer you support and assurance that you are not alone in this undertaking that can seem daunting. For this reason, I am going to focus on what I personally found to be the best advice when completing my Capstone—to find a good advisor.

What do I mean by “good advisor”? This means someone who inspires you and pushes you to accomplish things you never thought possible. Someone who finds your topic just as exciting as you do. Someone who recognizes the creativity, and effort put into your project, and who offers valuable input that increases the quality and richness of your ideas.

Where will you find someone like this? Start by reflecting upon the professors who engender curiosity and passion within you. These people may or may not be in your major. They are the ideal advisors, however, because even if you grow tired of a topic and end up switching, they will continue to motivate you. You will be compelled to produce a Capstone that both you and your advisor recognize as your best work, because they will see your full potential and encourage you to embrace it.

Personally, I found my advisor, for whom I could not be more thankful and without whom I could not have successfully completed this Capstone, in my major. Carla Lloyd is the ideal advisor and the model for the above descriptions, and I am very fortunate to have worked with her for the past two years. Though my experience in itself is unique, there are many other great professors at Syracuse University who I encourage you to seek out and ask to be your mentor.
Chapter 1: Methods, Secondary Research

Medical marijuana background
Secondary research is always valuable in helping one gain an understanding of a subject. This is where my understanding of recreational marijuana legalization began as I pieced together the major events and happenings from existing literature. As mentioned in the Executive Summary, the well-known market research databases, Mediamark Research & Intelligence’s MRI+ Reporter, Simmons OneView, and Mintel, do not have information on recreational marijuana. As such, the literature I have continually reviewed has mainly come from industry groups and articles and interviews in the mass media.

In retrospect, following the mass media is an ideal way to learn about and keep track of the recreational marijuana issue because it is continually-evolving. New developments are made, new policies are passed, and new rules are implemented. To document the telling of this story as it has unfolded, Appendix I includes a description of these current events in chronological order beginning in early-September when I began writing this Capstone project. The events in this timeline use the Pulitzer Prize-winning “Denver Post” as the main source, as it is a credible and well-known newspaper located closest to the action.

I was drawn into the world of recreational marijuana legalization almost purely through mass media. My first introduction occurred while I was casually “surfing the web” while at work this past summer, and I happened across an in-depth article by CNN’s Doctor Sanjay Gupta, “Why I Changed My Mind on Weed.” (Gupta, 2013) This article promoted a CNN production on medical marijuana, “Weed,” that was going to broadcast later that week. My interest was
immediately piqued, and I viewed this piece with undivided attention. In this production, Dr. Sanjay Gupta educates the viewer on the misconceptions and merits of medical marijuana. The benefits of medical marijuana are brought to life in the form of personal stories; a series of people are documented and interviewed about how medical marijuana has improved their quality of life. “Weed” has some especially poignant moments that feature Charlotte Figi, a three-year-old Colorado citizen, who suffers from adolescent epilepsy. It was difficult for Charlotte’s parents to acquire medical marijuana for her, but sure enough, it has proven to be the one thing that works. Before consuming medical marijuana, Charlotte was dysfunctional, suffering from many seizures per day; she was not able to enjoy life the way she does now. “Weed” shows the progression of Charlotte to the happy little girl she is today; now, the amount of Charlotte’s seizures has been significantly reduced. Charlotte’s case was controversial from the outset, as prescribing marijuana to a child so young was virtually unheard of and risky. Initially, the growers of this strain were hesitant to facilitate the prescribing of medical marijuana to a three-year-old, but after meeting Charlotte, they felt like they had to do something. And it worked. “Charlotte’s Web,” a marijuana strain high in CBD and low in THC, has become a viable solution to adolescent epilepsy across the nation. Because this program had viewers across the country, there were many inevitable, strong responses; parents wanted to do the same thing for their children. Dialogue centering on this landmark event was generated online and in society. In my personal experience, many people had seen this production, and were inclined to talk about it. It is a natural reaction to want
to help sick children. The attention given to this issue by CNN sparked action. Two significant events include parents of epileptic children moving to Colorado where they can legally acquire medical marijuana; this group of people has become known as “Marijuana refugees.” (Phillips, 2013) Also, ill children have been granted easier access to medical marijuana in New Jersey. (“N.J. law,” 2013)

This progress is positive and fosters compassion for the children who suffer from an ailment that has only been successfully treated by medical marijuana. However, their plight sheds light on the larger group of people who look to medical marijuana as their sole means for pain relief. According to the Marijuana Policy Project, there are 2,421,069 medical marijuana patients in the United States. (“How Many,” n.d.) The accomplishments of medical marijuana are real and quantifiable. I continued to read many extensive, personal accounts of the use of medical marijuana, mostly found on the Internet. 2,421,069 is a significant number, but the individual cases are much more shocking. Personal accounts offer a level of intimacy and detail that inevitably engender a variety of emotions, especially compassion. Many of these people have undergone huge life changes, such as moving to Colorado, to be able to use medical marijuana. Without it, they would not experience the same quality of life. To these people, marijuana is a legitimate form of medication, for in many cases, it is the only medicine that has worked for them. Granted, there are exceptions to this, as some people with medical marijuana prescriptions from a doctor have ulterior motives.

This medical view of marijuana is often juxtaposed with the many “stoner stereotypes” that have been perpetuated in popular culture through movies, like
“Reefer Madness.” The user base for marijuana extends far beyond “the underachiever who loses their train of thought mid-sentence and chuckles clumsily.” (Sack, 2013) For decades, marijuana has been classified as a Schedule I Controlled Substance by the U.S. federal government. To elaborate: as a Schedule I drug by the U.S. Federal Government. “Schedule I drugs, substances, or chemicals are defined as drugs with no currently accepted medical use and a high potential for abuse. Schedule I drugs are the most dangerous drugs of all the drug schedules with potentially severe psychological or physical dependence.” (“DEA,” n.d.) Consequently, the medical uses of marijuana are not in the mainstream psychology surrounding this substance. Although more and more people are recognizing marijuana’s medical potential, this view is overshadowed by the popular culture and stereotypes surrounding marijuana as a mind-altering drug. As a side note—many of the marijuana strains meant for medical use, such as Charlotte’s Web, actually contain low amounts of THC, the ingredient mainly attributed to these legendary, mind-altering qualities.

In an ideal future scenario, the medical benefits of marijuana will be widely known and communicated. This is the desire of many industry professionals, players, and stakeholders. As I will elaborate upon later in this marketing plan, many of these people were motivated to start medical marijuana dispensaries for personal reasons. Often, a family member or close friend was affected with an ailment to which marijuana served as a major—and the only effective—pain relief mechanism. Whether it be cancer patients going through chemotherapy or children with epilepsy, the medical triumphs and contributions
of marijuana are undeniable. Except they are often understated. The reason for this is that there are limited studies that quantify the medical benefits or marijuana. With little scientific backing, most of the evidence for medical marijuana benefits is anecdotal. It has worked for hundreds of thousands of people, but these numbers have yet to become official in the eyes of millions of Americans. Becoming official would mean that the medical benefits of marijuana are common knowledge that would likely surface in dinner conversation.

However, these claims remain largely shrouded in skepticism, mainly for the reason that marijuana has been so stereotyped as a simple psychoactive drug with no medical uses under the Schedule I category. This “image issue” may indeed be one of the biggest challenges faced by both the medical marijuana and recreational marijuana industries. Note: fortunately, progress is being made in this area. Specifically, additional states, like New Jersey, have recently legalized forms of medical marijuana. ("N.J. law," 2013) Also, Colorado state health officials have provided a $7.1 million dollar research grant to investigate the medical claims surrounding medical marijuana. (Booth, 2014) In part, this research grant seems motivated by skepticism, but any research at all is positive. It shows that people and the media are paying attention to medical marijuana.

Recreational marijuana is a complicated landscape

Above, I described the problems that the medical marijuana industry faces, but many people have predicted that recreational marijuana will also struggle to escape stereotypes and other issues. Later on in this marketing plan, I will elaborate upon the reality that marijuana is a product consumed by people beyond the “stoner” persona. Indeed, your everyday businessman may take a hit to
unwind after work, or the aging grandmother might want to “have some fun with the girls” who are her bridge club friends. Of course, these examples may initially seem comical, but they are nonetheless true. The examples continue to cover every type of person ranging from college professors to “mommy bloggers.” And no, these people do not have to be ex-hippies or, in the case of the younger people, “hippie-revivers.” *These people are consumers.*

People have been consuming marijuana for decades, but under a state-regulated market that is not “the black market,” major “barriers to entry” have been removed, for it is now legal. Typically, this term applies to new businesses entering the market, but in the case of recreational marijuana consumers, I am using it to convey the fact that this new market in Denver has become available to every type of person. One could argue that this is also true on the black market, but a significant portion of recreational marijuana consumers are hesitant to or simply choose not to buy marijuana on the black market. There are many reasons for this; some are personal. Two of the most significant reasons are that buying marijuana on the black market is illegal, and that buying marijuana on the black market is unsafe. Concerning the recreational marijuana market in Denver, the U.S. federal government has given its approval, as mentioned in the Executive Summary. Also, recreational marijuana will naturally be safer in a regulated market, because sellers are accountable, and they cannot get away with faulty or dangerous product.

All of the people (including politicians, store owners, customers, and others), entering the marijuana market had something to say about what is taking
place in Denver, CO. In addition to the mass media, I read many anecdotes and personal works in the form of blogs and other postings on the Internet. I became immersed in the world of marijuana legalization as a whole. Though my focus was on recreational marijuana legalization in Denver, I first had to learn everything from the bottom up because I was an “outsider” on many levels. After gaining knowledge about medical marijuana, I felt great respect for this industry. The endeavors taken by those involved are difficult and courageous. It is not easy to succeed in an unchartered territory, let alone one that is illegal. I began to understand why so many people want to legalize medical marijuana in the U.S. From there, I became intrigued about medical marijuana’s counterpart—recreational—and the arguments and background for legalizing it.

While there are definite similarities between medical and recreational marijuana, which I elaborate upon in the following sections, the literature I read on recreational marijuana legalization seemed more complicated. In medical marijuana’s favor is the fact that people use it for pain relief, whereas critics of recreational marijuana use point out that it has no positive outcome. Rather, there are numerous potential social costs, also elaborated upon in the following sections, which will inevitably occur with recreational marijuana legalization. An example is that there will potentially be increased adolescent usage, for as children see adults consuming marijuana, they will think it is okay. Similar arguments to this comprise the main literature of the debates on marijuana legalization. Both sides have fair and balanced arguments that I read, processed, and incorporated into the following sections of this report. Organizations like the
Marijuana Policy Project, The National Organization for the Reform of Marijuana Laws (NORML), Students for Sensible Drug Policy (SSDP), and many others published works that helped me comprehend the central reasons and motivations driving marijuana legalization across the U.S. Combined with the daily news stories about the progress being made with Amendment 64 in Colorado, I became well-informed and up-to-date on the latest happenings with recreational marijuana legalization. Still, I felt that there was something missing, for I had not had the chance to directly interact with the people supporting or opposing recreational marijuana legalization in Colorado. Thus far, I had been viewing and consuming information from across the country from secondary sources only; I was still an outsider. I knew that to truly grasp this realm of recreational marijuana legalization, I would have to go to the center of the action, Denver. This journey gave me thorough insight, which I will detail in the next chapter on primary research methods.
Chapter 2: Methods, Primary Research

During the Fall 2013 semester, I was enrolled in ADV 509: “Advertising Research and Planning: A Case Study Approach,” a course dedicated solely to applied research methods. During this time period, I learned the sheer importance of research. Any effective advertising campaign within a marketing plan is principally based upon solid research that ideally yields valuable insights. Often, these insights are discovered through primary research. It is when one is fully committed to, immersed in, and passionate about a subject that great things happen. It was my desire to directly engage with the world of recreational marijuana legalization on a local level. This is what led me to apply for a Crown/Wise award from the Renée Crown University Honors program at Syracuse University. Fortunately, I received a research grant that allowed me to visit Denver, CO through November 22nd-30th, 2013. The significant information garnered during this time period has truly enhanced this Capstone project in ways that otherwise would not have been possible. By visiting Denver, I directly interacted with the people and places that I had only read about until that point. This field research lead to richer data analysis and synthesis on my part.

As a starting point, I contacted approximately 40 medical marijuana dispensaries in Denver via email. Seven of these dispensaries enthusiastically responded with the intention of answering questions on the phone or via email. While these answers would, in themselves, have been informative, there was much additional understanding and insight to be gained from visiting these locations in person and observing their physical setup. The dispensaries had said
they would be willing to accommodate this. At that time, medical marijuana
dispensaries were the best indicators of what a Retail Marijuana Store will look
like. Until July 2014, they are the only places eligible to become Marijuana Retail
Stores, and many, including some of the ones I had contacted, planned to do just
that. By visiting these locations, I gained a genuine sense of the Marijuana Retail
Store consumer experience, and this simply could not have been replicated
through mere speculation from across the country.

In addition, I began to gather names of people who I could interview face-
to-face. I considered anyone and everyone involved with recreational marijuana
legalization in Denver an “expert.” I knew it was important to confirm as many
appointments as I could, for “the key to good qualitative research is the people to
whom you talk.” (Avery, 2010) I used several means to do this. First, I began
asking for contact by word-of-mouth. My advisor, Carla Lloyd, was very helpful
in giving me the name of a contact at the “Denver Post.” She also served as the
liaison between me and a federal employee who knows people at the Colorado
Department of Revenue. I did not rely solely on these contacts; I continued to
pursue people at both these organizations and many others. I got many names
from quotes in the “Denver Post” articles. Also, I visited industry and professional
groups’ websites to get names. Then, I emailed and called these people, making
sure to follow-up every few days. The process was time-consuming and
repetitive, but I was determined to conduct in-depth interviews that would yield
the information, understanding, and in-depth knowledge I needed. Ultimately, I
was able to conduct fourteen in-depth interviews. These included four Denver
City Council members, two medical marijuana dispensary employees, two campaign leaders, two industry group leaders, two Colorado state employees, a journalist from the “Denver Post,” and a college professor. I also talked to more dispensary employees and citizens of Denver. My complete interview agenda is at the end of this chapter. Twelve of these interviews were recorded in MP3 format; the audio files are available upon request. The majority of these interviews lasted from thirty minutes to one-and-a-half-hours.

Although it is likely I could have asked questions via telephone or email, conducting these interviews in person was more advantageous for many reasons. First, this knowledge provided a deeper understanding than I could get from a phone interview. On the most basic level, the quality of in-person interactions is something that cannot be reproduced when communicating via phone or email. When conversing face-to-face with another person, it is possible to pick up on elements like body language; these cues led to multifaceted and spontaneous follow-up questions that helped me more fully comprehend the subject being discussed. Second, talking to people in Denver allowed me to see them in their natural environment, where I observed actions and details that would not occur in an alternative setting. This advantage of in-person interviews is described by Norman Denzin and Yvonna Lincoln in Collecting and Interpreting Qualitative Materials, a highly regarded book by professional researchers and many others: “Whatever the particular action, when someone tells a story, he or she shapes, constructs, and performs the self…the narrator’s story is flexible, variable, and shaped by interaction with the audience.” (Denzin and Lincoln, 2008, p. 65)
What Denzin and Lincoln mean is that during direct interaction with the researcher, interviewees (the narrators) tend to express themselves in noticeable ways that significantly contribute to the researcher’s understanding of the subject matter, or the story. All of this combined gave me a sense of the environment in which the Department of Revenue is making its decisions.

Most importantly, visiting Denver allowed me to interact with actual citizens. Previously, I have come across different types of polls that evaluate public opinion on the legalization of marijuana. However, recreational marijuana legalization in Denver is a revolutionary situation, and there was bound to be a diverse set of perspectives that were impossible to cover in general polls. These polls are based upon statistics, but the research I conducted does not relegate citizens to a simple number. Rather, I treated each person as a unique case, giving value to his or her individuality and personal viewpoints by interviewing him or her at non-biased and appropriate places, like shopping centers. Combined, these opinions that are based upon deeper, qualitative research helped me understand the way Denver’s citizens feel about their current situation.

In Denver, I acted as a sponge. Everything I did, from talking to people to observing street signs as I walked down the 16th Street Mall, was a learning experience. Above, I described the reasoning for wanting to surround myself directly amongst the action. The value of doing this cannot be understated, for I was able to do and learn things that would not have been possible in any other place. What fueled my gain of knowledge was an insatiable sense of curiosity and passion combined with spontaneity. My curiosity and passion have been a
personal phenomenon that becomes stronger as time passes. This fire burned especially bright in Denver as I was surrounded by the literal smoking (and “toking”) of marijuana legalization happenings. The discoveries and research progress I was making by conducting interviews from morning until evening demanded my full and undivided attention. I immediately began to organize all of my data as I analyzed and coded it on my laptop every night when I got back to my hotel room. I also kept a detailed recording of each day’s happenings, including my thoughts and reflections. One could say that my marijuana research was indeed addictive. To convey my sense of curiosity and passion mentioned a few lines back, here is an excerpt from one of my recordings:

11/25/13 “[Today I] Realized how challenging a project like this is—yet it is extremely rewarding. It just takes a lot of energy, and my motivation stems from somewhere deep within. There are times that I get completely burnt out, but after giving it a few hours, I’m ready to go again. It is especially hard to balance this research undertaking with school deadlines on the horizon; finals are right around the corner. I have to balance the urge to only think about and immerse myself in this subject with the reality of my other schoolwork.”

As this personal reflection indicates, it was challenging to balance my infatuation with marijuana research and my other academic commitments. I ended up devoting my time almost exclusively to this research, which consequently made the visit to Denver more beneficial. The ultimate result is, again, that the quality of this Capstone project was escalated to a level that would have been otherwise unachievable.

The spontaneity mentioned earlier contributed in a large way to this, for I gleaned information that resulted from close proximity and an ideal time frame; I visited in Denver as the many regulations were being finalized and debates were
taking place. This often occurs in ethnographic field research, where “the local
and temporal framework is less clearly delimited than in other interview
situations, where time and place are arranged exclusively for the interview. Here
[field research] opportunities for an interview arise spontaneously and
surprisingly…” (Flick, 2006, pp. 165-166) In specific, I engaged in “snowball
sampling,” which “uses current study participants [appointments on my agenda
who had been confirmed prior to my arrival in Denver] to help recruit future
participants from among their friends and acquaintances.” (Davis, 2012, p. 104)
At least three of my in-depth interviews were accomplished via “snowball
sampling” once I was already in Denver. Also, I ended up attending a Denver City
Council public hearing, at which at least twenty Denver citizens spoke, that I had
not realized was taking place until the day of November 25, 2013. One of the
days, I visited Breckenridge, CO, with no confirmed research intentions.
However, I happened to run across a dispensary there, and I was able to observe
the layout, product, and interview the employee. That event was spontaneous, and
from it, I learned the true necessity of being prepared to gather research wherever
I am. Thankfully, I was carrying my voice recorder and camera, just in case.
Clearly, my visit to Denver, made possible by a generous research grant, was
productive, complete, and successful, augmenting this Capstone project in ways
that are evident in the subsequent chapters. I could not possibly summarize
everything I learned in one chapter. The breadth and depth of knowledge I learned
has been analyzed and coded into findings that are included in the marketing plan
that is the remainder of this Capstone project. Almost all the content in this marketing plan was influenced by what I learned in Denver.

I have continued to conduct primary research after my visit to Denver by communicating with students, professors, industry experts, and others. These interactions are acknowledged throughout this Capstone project.

The agenda I used while in Denver is included below. It outlines the majority of primary research I conducted. Also, pictures of most of these interactions and of other events that took place during my visit to Denver can be found in Appendix III.

**Friday, Nov. 22**
- Depart Syracuse 7 AM; arrive in Denver 12:36 PM

**Saturday, Nov. 23**
- *Justin Hummell*, Mile High Green Cross dispensary employee @ 12 PM
- Visited Mile High Green Cross and talked to other employees

**Sunday, Nov. 24**
- *Larisa Bolivar*, Executive Director at No on Proposition AA @ 11 AM
- *Meg Collins*, Cannabis Business Alliance @ 3:30 PM in Boulder

**Monday, Nov. 25**
- *Susan Shepherd*, Denver City Council @ 11-11:30 AM
- *Michael Elliott*, Medical Marijuana Industry Group @ 1
- *Christopher Herndon*, Denver City Council @ 2:30-3:30
- *Mary Beth Susman*, Denver City Council @ 4 PM
- Denver City Council meeting and public hearing

**Tuesday, Nov. 26**
- *John Jennings*, Department of Excise and Licenses @ 10 AM
- *Betty Aldworth*, National Cannabis Industry Association @ 12 PM
- *Jordan Wellington*, Lawyer for Department of Revenue @ 2 PM
- *Sam Kamin*, University of Denver @ 4 PM

**Wednesday, Nov. 27**
- Mom’s birthday- call her. 😊
- *Paul Lopez*, Denver City Council @ 1 PM
- Breckenridge Cannabis Club
  - Visited inside and spoke with employee

**Thursday, Nov. 28**
- Thanksgiving Day!

**Friday, Nov. 29**
• *John Ingold*, “Denver Post” @ 10 AM
• Went to the grow facility for Mile High Green Cross

**Saturday, Nov. 30**
• Depart Denver 7 AM; arrive in Syracuse 3:41 PM
Chapter 3: Follow-up Primary Research Proposal

In the previous chapter, I mentioned my enrollment in ADV 509: Advertising Research and Planning: A Case Study Approach. The material I learned in this course coincided with my goals and objectives for my Capstone project, deepening my understanding of the research gathering process. I eagerly applied course concepts to real world information needs, and as a result, I became thoroughly informed on the subject of recreational marijuana legalization. My Capstone contains research gathered from a variety of angles, rendering it comprehensive and complete. The secondary research that I gathered before visiting Denver and the primary research conducted in Denver together helped me understand the complicated and nuanced landscape of recreational marijuana legalization. However, as is the nature of any subject that is constantly evolving, there is always more that can be learned. There is an especially large amount of material to comprehend about this subject because it is currently a “gray area.” I will elaborate upon this nebulous aspect in the following marketing plan.

Consequently, there are many questions that will not be answered for years to come, for recreational marijuana legalization in Denver is one giant experiment. New discoveries and developments will continually be made, as the properties and feel of the recreational marijuana market emerge. As the rest of the country is watching this situation, it will benefit the American citizens if they can clearly understand what is happening. Further, this type of transparency is necessary and owed to the Coloradoans and citizens of Denver who directly experience the effects of recreational marijuana legalization. To achieve such transparency,
studies will need to be conducted to solidify information into meaningful insights and knowledge.

Anticipating that these types of studies will take place, I have designed a follow-up research proposal, available in Appendix II, which could realistically be employed to further investigate recreational marijuana retail stores. It specifically answers the question of “how to be successful in this new industry?” Although this primary research method was never employed due to time and money constraints, I believe it would yield valuable information that could lead to industry best practices and larger profit margins. It will inevitably become necessary to find out what exactly leads to success in this new industry as more recreational marijuana stores are licensed and competition increases.

To get a sense of what this proposed research study entails and how it influenced the development of my capstone marketing plan, here are some excerpts in the form of the research problem (question), problem definition, and research objectives:

**Research problem:** Because of the high risks associated with becoming a recreational marijuana retail shop, it is imperative that these retail shops are successful in this new industry, but how exactly will they do this? The novel and unsure nature of the business model for recreational marijuana yield many “gray areas,” and there are no clear industry “best practices.”

**Problem definition:** Research is needed to help retail marijuana store owners understand how to generate adequate profit by implementing elements of successful businesses. Research is needed to identify these elements or industry
“best practices,” which are currently unknown. The research will evaluate: what store layout is most effective, what services customers prefer in an ideal marijuana store, i.e. knowledgeable staff, and what products should be sold (in terms of marijuana itself and other merchandise, i.e. edibles.) This research will be utilized by individual stores to impact their expenses and bottom line profit, so it will generate essential, vital, and realistic information that can be applied in a timely manner as this industry begins. Without this information, retail marijuana stores are essentially devoid of any guidance in this new industry, rendering them much more prone to losing money or having larger business failures.

**Research objectives:** The overall objective is to “identify [recreational marijuana] industry “best practices,” which are currently unknown.” This has been broken into the following sub-objectives:

- **Objective 1:** To find out what store layout is most effective.
- **Objective 2:** To find out what services customers prefer in an ideal marijuana store, i.e. knowledgeable staff.
- **Objective 3:** To find out what products should be sold (in terms of marijuana itself and other merchandise, i.e. edibles)

This research proposal goes on to detail different methods that would be used to fulfill these research objectives. Primary research would consist of in-depth or personal interviews that include grand tour, structural, and specification questions. Secondary research would consist of a ten question survey administered to Coloradoans who are 21-years-old or over. Note: the “timing and schedule to collect data” are written for the year 2013. However, this survey could
be administered in 2014 and beyond because it will be necessary to codify marijuana industry best practices as the industry and its market continue to evolve.

Developing this research proposal made me realize that as the recreational marijuana industry continues to develop, there will be many directions and niches for recreational marijuana industry players to fill. This industry is already growing so quickly, that spreading even wider in the future will create potential for chaos in terms of regulation and other areas. Thus, continual research is not only a good idea—it is necessary to prevent disorder and to help the industry run as smoothly as possible. This specific research proposal answers profit-related questions for recreational marijuana retail store owners, but there are many additional research studies that will need to be conducted. With time, these will surface and hopefully be funded.

As mentioned earlier, the future of recreational marijuana industry is currently a mystery, meaning that we will only know what it looks like with the passing of time. While exact answers are not feasible due to a lack of benchmarks and other data, it is very possible to predict future outcomes by using valuable information that is yielded from research studies. This information helps people better understand questions about the recreational marijuana industry by explaining the environment and context in which these questions are asked. The next section features lengthy elaboration on the secondary and primary research I conducted when visiting Denver, CO. This research has been coded and written into themes that can be comprehended by the general public. This marketing plan
is an example of how research information can help people make better sense of a complicated topic, such as the recreational marijuana industry, for the elaboration provided in the next section serves as a thorough background. Ultimately, this background helps the reader understand the conditions under which the majority of the events in Denver’s recreational marijuana have taken place.
Chapter 4: The Marketing Plan (background)

The challenge and goals (situation analysis)

All the information garnered from primary and secondary research was essential to the main component of this project, which is a marketing plan for recreational marijuana in Denver, CO. The research made sense on its own and yielded many insights. However, to make this information directly applicable to establishing a market for a new product, it was important to categorize and code it. There are many themes that underlie the research gathered from the primary and secondary research methods described in earlier chapters. Together, these themes create a constantly developing story that tells of the involvement of various players with this new product. This story began long before the recreational marijuana market began to operate in Denver, CO on January 1, 2014. In other words, there is an intricate background and countless related issues that will be elaborated upon in this section.

The challenge is to create a marketing plan that will facilitate a largely seamless integration of the new recreational marijuana industry in Denver, CO into the current social and political environment in Colorado and the United States. Also, this marketing plan will help the new recreational marijuana industry progress by conveying information that is helpful to retail success and will generate profits.

The importance of a “seamless integration,” with as few problems as possible, cannot be understated, for it is the key to future marijuana legalization (both medicinal and recreational) in other states. These other states (and the entire
world) are watching Colorado to see if this is possible; if so, they will ideally follow suit.

Marketing this new industry is especially challenging because of the controversial nature of marijuana, both medical and recreational. This controversy lies in both social and political realms, and it is underscored by the reality that marijuana is still federally illegal in the United States. Accompanying controversy is skepticism; many people doubt that a well-functioning recreational marijuana economy is viable. If this new recreational marijuana industry has “seamless integration,” as described above,” the impact will be greater as people will not be expecting it. What will ideally follow is a shift in social attitudes towards marijuana, making it a more socially accepted product. Then, hopefully legalization will continue to occur in additional states.

Marketing Goal: To successfully market recreational marijuana as an entire industry that is profitable and facilitates social and political acceptance.

Purpose: The purpose of this marketing plan is on promoting the entire recreational marijuana industry, not individual players, such as store owners, customers, industry groups, politicians, etc.

Existing medical marijuana industry culture and its influences on recreational marijuana industry culture

The following overview will evaluate existing medical marijuana industry culture and also recreational marijuana industry culture in many areas that go beyond the product itself. It is necessary to understand not only all aspects of the recreational marijuana product, but also any related products. Also, this overview
of culture sheds light on the current mindsets of consumers. This information is vital to a marketing plan, for it influences strategic decision making.

Colorado’s recreational marijuana industry is the first of its kind; therefore, only the passing of time will answer the question of what this industry will look like in the future. Still, many predictions have been made in the areas of economics, politics, and many others. Knowing the background and various issues that currently comprise the industry can help the reader better understand unanswered questions and predictions in context. This is another reason why this marketing plan includes such an in-depth background discussion of medical and recreational marijuana industry culture.

The recreational marijuana industry is fast-growing, but it currently has a limited number of recreational marijuana retail shops that were previously medical marijuana dispensaries. The reason for this is that, as previously mentioned, these are the only places eligible to become recreational marijuana retail shops until July 2014. What this means is that the new recreational marijuana industry is currently retaining many of the tight-knit, more intimate industry connections that initially characterized the medical marijuana industry. These types of connections underlie the medical marijuana industry, for many of the medical marijuana dispensaries were started by their owners out of altruistic motivations to help friends and family members who have debilitating illnesses. Often, medical marijuana is the sole relief for these illnesses. Larisa Bolivar, a former medical marijuana dispensary owner, moved to Colorado in order to gain access to medical marijuana for a family member. (L. Bolivar, personal
Many people use their life savings to open medical marijuana dispensaries.

The reality is that many medical marijuana dispensaries are owned by families and operate in the “mom and pop” business style. A “Denver Post” article comprehensively explained the current situation:

“Many of the state's medical marijuana dispensaries and recreational stores are owned by family members who pooled their savings in order to open. Others operate with a handful of partners who leaned on friends and business acquaintances to raise startup capital.

For an industry that some perceive as sordid and illicit, insiders say it's the opposite: run largely by regular folks embracing a ground-floor opportunity or advocates passionate about marijuana's medicinal benefits.

With reports of booming sales since recreational pot became legal Jan. 1, industry analysts wonder how long it will be before the sector becomes the target of big corporations and chain ownership. ‘But now, it's still predominantly family,’ said Betty Aldworth, Denver-based deputy director of the National Cannabis Industry Association.

Business partners Ean Seeb and Kayvan Khalatbari started a bare-bones version of the Denver Relief dispensary with $4,000 and a half pound of marijuana. They then borrowed heavily from relatives and friends — mostly in $5,000 and $10,000 increments — to finance the $600,000 build-out of their retail and plant-growing operations.

Like other entrepreneurs, they found that bank loans were unavailable because of marijuana's illegal status under federal law. In addition, Colorado regulations forbid equity investment in cannabis enterprises from people who have not been state residents for at least two years.

Those financing hurdles make family investment not only a clan-building concept but a necessity in many cases. … Sisters Robin and Cheri Hackett pooled their entire savings, liquidated retirement accounts and offered 12 percent interest rates on loans from family and friends to finance their Northglenn-based BotanaCare Medical Cannabis Center.

The Hacketts have used loans instead of outside equity investments to maintain their exclusive ownership stake, with one exception. They offered 10 percent of the business to a friend who had cashed in his individual retirement account and refinanced his home mortgage to help the dispensary get started.” (Raabe, 2014)

Clearly, those portrayed here in the medical marijuana industry are not only compassionate; they are also passionate. What they do is risky business both in terms of money and because of the nature of the product. Medical marijuana is still federally illegal, so dispensaries have continually been under close watch. Rules have to be meticulously followed with essentially flawless compliance, or medical marijuana dispensaries risk being shut-down. Navigating this landscape is
clearly not an easy thing to do, but those involved are motivated by a greater cause that is twofold: helping medical marijuana patients and achieving legalization of marijuana in other places across the U.S.

Medical marijuana dispensary owners and employees take great pride in helping their “customers,” or patients. The environment for these interactions is a very personal one that often involves a consultation from employees to find exactly what works for each patient. The patient will communicate his or her specific wants and needs in terms of the effect he or she wants to achieve. For example, some patients desire a marijuana strain that stimulates the head, and others desire a marijuana strain that relaxes the body. The patient usually has the ability to use his or her senses to “sample” the marijuana; this usually includes sight and smell, for the patient does not actually consume the marijuana on-site.

In some cases, there are specific strains developed for the needs of a patient. For example, “Charlotte’s Web,” mentioned earlier, is a strain of marijuana that is low in tetrahydrocannabinol (THC) but high in cannabidiol (CBD). When a person consumes “Charlotte’s Web,” they do not experience the often intense, mind-altering, psychoactive qualities of a stereotypical “high” that come from THC. Rather, the CBD has medicinal properties that calm “excessive electrical and chemical activity in the brain that causes seizures.” This strain of marijuana turned out to cure Charlotte Fiji’s, a young girl, symptoms of Dravet Syndrome, or myoclonic epilepsy. (Young, S., 2013)
Now, other parents of epileptic children, known as “marijuana refugees,” have recognized the medical potential of “Charlotte’s Web,” and they have been moving to Colorado to gain access to it. (Young, S., 2013) As mentioned in previous chapters, the evidence for these medicinal benefits is highly anecdotal, but that has not stopped many parents in Boulder County, CO from seeking medical marijuana for their epileptic children. (Heckel, 2014) There are countless cases in which medical marijuana has worked, and with more research studies, there is potential for more science-based evidence.

**Compliance and transparency**

These operations in the medical marijuana realm are kept very transparent by dispensaries that use electronic databases, such as MJ Freeway, to carefully track patient information. They follow the regulations very closely. This compliance coincides with the overarching goal of achieving marijuana legalization in places across the U.S. Recreational marijuana legalization in Colorado is indeed a triumph that can be partially attributed to the responsible practices of the medical marijuana industry.

Recalling the fact that there are some similarities between the medical and recreational marijuana industries, the same people (dispensary owners, employees, and others) are dedicated to “doing things right” in both realms. This is a phrase used by many people I interviewed in reference to the medical and recreational marijuana industry’s determination to implement an effective, safe, and fair market that will lead to “seamless integration.”

The people who do not follow this philosophy are not staying in the industry, for everyone else wants these “bad actors” out. For example, on
Thursday, November 21, the federal Drug Enforcement Agency raided Denver-based medical marijuana dispensaries that were allegedly linked to Cuban and Columbian drug cartels. (Ingold, 2013d) Other federal actions are being supported by medical and recreational marijuana industry players who know that cooperation will help them achieve their long-term goals. Ultimately, the majority of people believe that regulation is the key.

Some people even think that industry self-regulation is possible. Both the Cannabis Business Alliance and the Medical Marijuana Industry Group have taken steps in this direction. The Medical Marijuana Industry Group has previously worked together with the Denver City Council to implement new policies.

For example, as stated in an article in the “Denver Post,” “Colorado's main medical-marijuana lobby is pushing Denver's City Council to ban outdoor advertising, such as billboards and sign-flippers, for such businesses across the city in an effort to further legitimize the industry. ‘We see this as a necessary step to clean up the industry,’ said Michael Elliott of the Medical Marijuana Industry Group, a trade association representing more than 50 businesses. ‘The justification for a complete ban of outdoor advertising (for medical marijuana) is to prevent the encouragement of nonqualifying patients to use the product.” (Meyer, 2012)

Part of the Cannabis Business Alliance’s purpose encourages similar efforts: “Promoting an Industry Best Practices Model for Self-Regulation: Government regulation alone will not quell public concerns with the recreational
and medical marijuana industry nor create trust with elected officials, regulators, and members of the communities in which we serve. The Cannabis Business Alliance works with all sectors of the marijuana industry to develop and advance an industry Best Practices Model. CBA’s Best Practices Model demonstrates that credible, accountable, transparent self-regulation programs, based upon Best Practices and working in concert with state and local regulations, work best to advance the shared interests of our clients, our patients and our businesses.”

("What We Do," n.d.)

These types of actions that are meant to improve the medical and recreational marijuana industries hearken back to the overarching goal of national legalization. Players and stakeholders know that “doing things right” will help solve their image issue, and legalization will hopefully follow.

This tendency to “do things right” was taken into account during the construction of this marketing plan, but should be used in all marketing plans for the recreational marijuana industry. What “doing things right” means for a marketing plan is that promotion of the recreational marijuana industry should be executed in a safe, responsible, and tasteful manner that will foster positive images for the industry. Consequently, there will be fewer potential problems for industry regulators who are already faced with copious responsibilities, and political and social acceptance will be made much more likely.

“One Giant Gray Area”

Despite the recreational marijuana industry’s good intentions, it is difficult to know how it will turn out as it has never previously existed; there are no past examples or other instances to consult. In other words, it is one giant “gray area.”
Many people I interviewed used this phrase to describe the industry’s nebulous aspects. It is only through trial and error and with the passing of time that the “kinks” will be worked out. Some people think it will take five and some think ten years or more.

Furthermore, no one knows what types of problems will arise, for there are many unanswered questions. It is in this realm of uncertainty that this marketing plan, which errs on the side of caution, was developed. Tastefulness and responsibility were part of the guidelines for this marketing plan, for the overall marketing goal of social and political acceptance was heavily considered.

National, state, and local government bodies have kept this uncertainty in mind when making laws, which have all been very preemptive, meaning they are based on scenarios that could happen. Overall, initial regulation is tightly controlled and meticulous; lawmakers have indicated that rules can be relaxed later on if things go well enough.

Granted, there are some similarities that I mentioned earlier between the medical marijuana and alcohol industries, which have been used as predictors of the recreational marijuana industry, but there are also fundamental differences.

Regarding alcohol, it is a more socially accepted product. Also, there are federal standards that producers and sellers must meet, and there is federal regulation by the Bureau of Alcohol, Tobacco, and Firearms.

**Growth in the recreational marijuana industry**

Earlier, I mentioned that the recreational marijuana industry currently retains some of the tight-knit connections and personal nature of the medical marijuana industry. While this is now true, it has the realistic potential to change
as more money enters the market, and the recreational marijuana industry inevitably grows more corporate. Although many of the current recreational marijuana retail shop owners have started or still run medical marijuana dispensaries out of the compassion mentioned earlier, their priority seems to have shifted in the recreational marijuana market that is largely profit-driven.

Fundamentally, these profits and lucrative transactions are a main component of why a marketing plan is even necessary—to sustain the high level of recreational marijuana sales. Naturally, this marketing plan was created with sales goals in mind. However, the overall marketing is not just centered on profits, for it has both short and long term intentions, with the ideal accomplishment being social and political acceptance. What this means for this marketing plan is that, as mentioned earlier, the strategic decisions have been centered on tastefulness and responsibility. This should be the rule and not the exception for any marketing plan in the recreational marijuana industry.

The LoDo Wellness Center in Denver sells both medical and recreational marijuana, but the latter is more appealing to its owners as described in a CNN article: “‘This is a viable business as opposed to a cause,’ she [Linda Andrews] said. The family's medical marijuana dispensary was largely a break-even venture done out of altruism, they say. The Andrews will continue selling medicinal cannabis, in a separate room as required by law, but the business' future lies in the recreational stuff.” (Martinez, 2014)

In Denver, Dank Colorado sells both types of marijuana, but has already seen a difference between the two businesses as described in a “Denver Post”
article: “But Gamet said the wall keeps the culture of the different businesses separate, too. While the recreational side of Dank Colorado has seen heavy traffic and quick turnaround, Gamet said customers on the medical side generally prefer to take their time when making purchases and discuss the properties of different marijuana strains. ‘It's more of an intimate environment,’ he said.” (Ingold, 2014e)

These differences are attributable to the larger size and growth of the recreational marijuana industry. As mentioned earlier, demand for recreational marijuana has so far been insatiable, which is uncharacteristic of the medical marijuana industry that has always been smaller with a mostly steady supply. Some medical marijuana industry sellers are concerned about what will happen to overall industry culture. One medical marijuana dispensary employee I interviewed said that the experience of buying marijuana will be compromised because a higher volume of people calls for streamlining. Consequently, goods will be packaged, which takes away from the customer being able to smell and examine the marijuana closely, or “sample” it.

The recreational marijuana industry must be fast-paced to sustain this growth. As aforementioned, there are a variety of existing ways to consume marijuana, and new ways are constantly being developed. Research is constantly being done to invent products. For example, the new Pax vaporizer allows people to consume marijuana very discreetly. (Donnelly, 2013) This and other products make it difficult to tell when people are consuming marijuana. In Colorado public schools, teachers are keeping an eye out for students who seem to be biting their
pens, which are often vapor pens that function like e-cigarettes. ("Colorado Schools Crack," 2014)

In addition to technology, new marijuana strains are constantly being grown. In April 2013, the annual High Times Cannabis Cup festival was held for the first time in Denver. Awards were given to marijuana varieties that won different categories, such as “Best New Product,” as decided by judges from around the world. (Denver, n.d.) These awards and other incentives keep the new marijuana strains coming.

As evidenced by the trends and themes presented above, the recreational marijuana industry is an intricate one. There are many nuances and novelties that makeup this unchartered territory. With time, everything will become clearer, including best practices, business ethics, and more. For now, most every player and stakeholder is working together to sustain this reality for Colorado citizens and also tourists who may hopefully experience marijuana legalization in their home states. Still, as exciting as this new industry and market is for third parties to watch, it is just a way of life for the people who run it.

At the end of the day, selling marijuana is just like any other business. Of course, the nature of the product is provocative, new, and very interesting, but it is still a product sold in a market that depends on the same economic principles as any other. These specific principles will be elaborated on in a subsequent section. The presence of marijuana culture in Colorado and Denver society is seemingly ubiquitous. There are indeed regulations on what exactly can be displayed and where, but it is not uncommon to see marijuana related literature and
advertisements around town. “Westword,” a free, weekly publication in Denver, has coverage of marijuana stores and is full of advertisements for medical marijuana dispensaries and recreational marijuana shops. The “Denver Post” recently appointed an editor for the “Marijuana” section, and it runs “The Cannabist,” a website with marijuana related stores. (“Denver and Colorado,” n.d.)

Marijuana culture, both recreational and medical, is the new reality of Denver; it is there to stay. Overall, the players and stakeholders of this new recreational marijuana industry want it to be safe, fair, and responsible with a lucrative market. As part of this endeavor, the recreational marijuana industry is striving to minimize disruption and any potential negative effects on society by being complaint with federal regulations. Ideally, success will be experienced on many levels, and the recreational marijuana market in Denver will serve as both an example for other states and a compelling case for the national legalization of marijuana.

With the above discussion of medical and recreational marijuana industry culture in mind, it is clear that the existing medical marijuana industry culture heavily influences the upcoming recreational marijuana industry culture. However, the recreational marijuana industry also differs in many ways because of the fundamental business structure, which features a much higher customer demand that is ever-growing. This growth creates much potential. Still, because there are so many unknown facets of the recreational marijuana industry; it is difficult to tell what will actually happen; there is potential for both positive and negative occurrences. This potential can be translated into many possibilities that
are presented in the next section in the form of a S.W.O.T. (strengths, weaknesses, opportunities, and threats) analysis that gives the reader a better idea of the sundry directions this new industry could take.

**S.W.O.T. Analysis**

A S.W.O.T. analysis yields a comprehensive overview of a brand or product category, in this case recreational marijuana. “One way to address problems and opportunities is to conduct a S.W.O.T. analysis….Weaknesses will refer to deficiencies with the brand or in the category….Threats will most often external—a strong competitor or an overall threat to the category….Strengths will tend to be about positives that already exist—either with the brand or the category….Opportunities will usually demand you at least imply some action.” (Avery, 2010, p.115) This S.W.O.T. analysis describes major themes of and other integral elements of the recreational marijuana industry in Denver, CO.

**Strengths**

- There is growing social and political acceptance of marijuana in the United States. This fact will be elaborated upon in subsequent sections.

- Recreational marijuana users are loyal to and enthusiastic about the product; the consumer base is strong.

- This consumer base is extremely diverse. This fact will be elaborated upon in subsequent sections.

- Demand for the product is sky high. This is evident from the level of sales that have taken place since January 1, 2014. This fact will be elaborated upon in subsequent sections.
• Marijuana is a product that can be easily grown. (However, it is not necessarily easy to produce a high quality product.)

• Marijuana is a product that is variable. It can be made into different consumable forms, such as edibles and concentrates.

• The fact that recreational marijuana has similar aspects to medical marijuana is a strength because it indicates that the recreational industry can experience the same degree of success that the medical industry has since around 2009 when it really flourished.

• Recreational marijuana retail transactions are taxed by the Colorado government. This revenue is beneficial to the state and local economies. It will be detailed in later sections.

• Recreational marijuana bought on the regulated market in Colorado is carefully tracked from “seed to sale.” It is therefore more trustworthy than buying the same product on the black market, where the source of the product is often difficult to locate or unknown.

Weaknesses

• Marijuana is still federally illegal in the United States, so there is an “image issue.” This means that many people still associate it with being Schedule I drug instead of a medicinal alternative or a recreational substance, like alcohol. The evidence for marijuana’s medicinal properties is mostly anecdotal, whereas its addictive properties and other negative connotations are rooted in more official studies. Note: Much progress,
which will be described in later sections, is being made on the study of marijuana’s medicinal benefits.

- There is no federal regulation of the recreational marijuana industry like there is for other consumable products. For example, the Bureau of Alcohol, Tobacco, and Firearms is a federal organization that regulates those products. The state of Colorado is handling regulation itself.

- Consequently, there is no federal “standard” that recreational marijuana must meet. This could potentially result in faulty, and maybe even dangerous, products. For example, a certain strain of marijuana could have contaminants.

- Until January 1, 2014, this product was consumed recreationally on black markets. The unfortunate truth of some of these interactions is that they elicit dangerous scenarios.

- Further, because most recreational marijuana businesses operate on all-cash businesses, which will be explained in later sections, they are in greater danger of getting robbed. This is also a dangerous scenario.

- People are simply skeptical of recreational marijuana legalization, and do not necessarily think it will work well.

- The entire recreational marijuana industry is a giant “gray area,” meaning that there is essentially no way to tell what will happen because this has never been done before. This uncertainty makes it especially risky for people to own retail shops to sell recreational marijuana because money and many other elements are at stake.
Opportunities

• This gray area is also an opportunity, for those who do become involved may experience great success in many areas, including monetary. As time passes, how to succeed in this industry will become much clearer, and those who are already established will have a competitive advantage.

• The current skepticism that many people exhibit will potentially magnify the triumphs of recreational marijuana legalization. Provided that a largely seamless integration takes place, people will be even more impressed if they are not expecting it. This will be a more favorable environment for marijuana legalization in other states to occur.

• The fact that recreational marijuana has never legally been sold before, essentially making it a new product, is also an opportunity, for there are countless directions this could take.

• The versatility of this product combined with its newness make it a prime target for creative growth. The recreational marijuana industry will inevitably experience landmark progress in terms of product development and technology.

• Recreational marijuana is a product integral to a larger concept that is the lifestyle of its users. This product is at the core of many peoples’ lives, and consequently, other products can be invented to suit this lifestyle. The result will be industry growth.

• This product is at the center of an entire “marijuana economy” that is already seeing the growth of “ancillary businesses.” These businesses may
not be recreational marijuana retail shops, but they are in some way related to the product, and they contribute to the Colorado economy. These businesses will be detailed in later sections.

**Threats**

- Many people have compared recreational marijuana, both as a product and industry, to alcohol. Also a recreational substance often consumed in social occasions, alcohol actually presents a threat to recreational marijuana because it is a competitor. People could realistically choose to use alcohol over marijuana in such situations.

- The black market is also a competitor because offers recreational marijuana at a lower price. Though there are advantages to buying recreational marijuana from a regulated market, such as knowing the source of the product, price is an important factor to those purchasing recreational marijuana, and a lower price is more attractive.

**Market share amongst the recreational marijuana industry**

**Retail stores**

Although the recreational marijuana market is new, certain aspects are actually somewhat established because many of the players own medical marijuana dispensaries that have already been around for a few years. As previously mentioned, these are the only places eligible to become recreational marijuana retail shops until July 2014.

For this reason, Denver's recreational marijuana industry set-up is, in many ways, based on its medical marijuana industry. According to Meg Collins, much of the legislation and regulations are intended to "mirror what you've [the

Still, there are many properties that differentiate the recreational and medical marijuana markets; these will be mentioned in later sections. One difference is product demand. Medical marijuana is restricted to those who possess a "red card" prescribed by a physician. Recreational marijuana is now available to anyone over the age of 21, and these people have certainly seized the opportunity. Some people predict that January 1 recreational marijuana sales, which generated massive amounts of money and will be described in later sections, are an indication of sustained product demand at a high level. In fact, there was short supply, and many retail shops limited the amount of product each customer could buy to less than the amount legally allowed.

In response to this robust product demand, some retail shops are expanding. For example, The Medicine Man in Denver is becoming “the Costco of weed...This spring will bring a $2.6 million expansion of Medicine Man that will double growing capacity and feature a retail shop done up all in white like an Apple store.” (Gorski, n.d.) Other retail shops are also expanding, though to a smaller degree, and some are staying the same. Ultimately, the actions of a retail shop are determined by the vision of its owners: Some people want to maximize profit in the retail marijuana market, and some want to pay equal attention to the medical marijuana market. Their motivations and conditions will be described in later sections.
Ultimately, as in any market, there are big and small players. While the actual size of these retail shops might change, the retail market is shared solely by people who already have experience as a medical marijuana dispensary owner until July 2014. There is no state-issued list of these retail stores in the Denver area, but the “Denver Post” has compiled the following list. Not necessarily all 24 of these stores were open for business on January 1, 2014. (“A list of,” 2013)

- Breckenridge Cannabis Club, 226 S. Main St., Breckenridge
- The Annie’s, 135 Nevada St., Central City
- Green Grass Alternative Medicine, 440 Lawrence St., Central City
- 3D Cannabis Center, 4305 Brighton Blvd., Denver
- CitiMed, 1640 E. Evans Ave., Denver
- Dank Colorado, 3835 Elm St., Denver
- Denver Kush Club, 2615 Welton St., Denver
- Evergreen Apothecary, 1568 S. Broadway, Denver
- The Green Solution, 2601 W. Alameda Ave., Denver
- The Green Solution, 4400 Grape St., Denver
- The Grove, 74 Federal Blvd., Denver
- The Haven, 777 Canosa Court, Denver
- The Healing House Denver, 2383 Downing St., Denver
- Kindman, 4125 Elati St., Denver
- LoDo Wellness, 1617 Wazee St., Denver
- Medicine Man Denver, 4750 Nome St., Denver
- The Shelter, 4095 Jackson St., Denver
- Northern Lights Cannabis Company, 2045 Sheridan Blvd., Edgewater
- Patient’s Choice of Colorado/Bud Med Health Centers, 2517 Sheridan Blvd., Edgewater
- The Kine Mine, 2820 Colorado Blvd., Idaho Springs
- BotanaCare, 11450 Cherokee St., Northglenn
- Marisol Therapeutics, 922 Kimble Dr., Pueblo West
- Alpine Wellness, 300 W. Colorado Ave., Telluride
- Telluride Green Room, 250 S. Fir St., Telluride

Currently, there are no official market share statistics available in terms of specific marijuana sales figures. However, it is known that The Medicine Man has grown to be one of Colorado’s largest medical marijuana dispensaries. (Gorski, n.d.)
“Ancillary businesses”

The opportunities for growth in the recreational marijuana market are not confined to retail shops. Already, there has been development of "ancillary businesses," which will be described in later sections. These businesses do essentially anything and everything related to the recreational marijuana industry. An example of such a business is Cannabis Camera, which “provide[s] quality photography services for marijuana and hemp industry professionals in an effort to ensure that business owners have the ability to market their products in a respectful and professional manner.” (Cannabis Camera, n.d.)

These businesses add significant revenue to the burgeoning marijuana economy in Denver. Another factor that facilitates this growth is investors. There are many people from out-of-state and also from local places who have invested major money directly into recreational marijuana businesses and other related business ventures. One type of investment has been in the stock market, where shares of businesses in the recreational marijuana market have been selling fast. (Rooney, 2014)

The result of these extra dollars flowing into Denver’s recreational marijuana market is significant growth that enlarges market share and then divides it amongst a greater number of parties. It is not just recreational marijuana shops that reap the benefits of this new market. It would be difficult to complete a market share analysis because the major parties (recreational marijuana retail shops, investors, and shareholders) are constantly changing size and entering or leaving this new market.
This section has already mentioned two approaches to a market share analysis. The first is segmented by individual recreational marijuana retail shops. The second takes into account the additional parties involved in the recreational marijuana market. There is a third way market share could be approached, which is by evaluating the sales of different recreational marijuana consumption products.

There are a variety of ways to consume recreational marijuana, including but not limited to: smoking, eating, and vaporizing. Arguably the two most popular and widely known are smoking and eating. As the technology section below will mention, consumption methods and products are constantly being developed, causing the market share to be divided into a greater number of categories. As with the other approaches, it would be difficult to complete a market share analysis this way due to a lack of sales information.

Customer Analysis

**Number of customers:** The consumer base for the marijuana market is very large. The size is increased by tourists who make temporary transactions. There are 1.3 million potential customers in Colorado, not including tourists. ("3.1 Million Potential," 2013)

**Types of customers:** Despite the “stoner stereotype” mentioned in the beginning chapters and other sections, recreational marijuana market customers are not an easily definable group, for they come from all walks of life. Describing one particular set of demographics would not do justice to the diversity within the recreational marijuana consumer base. Psychographics is an easier category to define than demographics because it incorporates a larger number of people,
whereas demographics is very limiting in its specificity. A psychographic
category can include customers with several different demographics, for example.

The psychographics of recreational marijuana customers correlate with
their motivations for buying the product. Some general psychographics are that
recreational marijuana customers:

- Want to relax
- Want to have fun in social situations
- Want to experience their creative side

These are three of the most common reasons people seek recreational marijuana.
More detailed examples of the recreational marijuana customer mindset can be
found below in the market segment section.

**Value Drivers:** This marketing plan looks at the recreational marijuana
market as a whole, instead of specific retail stores. However, as competition
increases, what is really going to standout is brand, product, and customer service.
(L. Bolivar, personal communication, November, 24, 2014). Cutting edge
technology is another element a retail store can implement to differentiate itself
and build a competitive advantage.

**Decision Process:** The recreational marijuana consumer behavior seems
to be heavily based on word-of-mouth recommendations from friends and family.
Groups like the “Cannabis Cup” awards mentioned earlier and publications like
“High Times” and “The Daily Doobie” are also trusted sources for
recommendations.
When a retail store comes highly recommended, it likely has decent marijuana at a moderate price. The amount that a customer is willing to pay largely depends on what life stage he or she is in. For example, a 22-year-old recent college graduate will be less willing to spend a lot more money than an older, more economically established customer. Despite the differences in customers’ willingness to spend, price is an important factor in virtually every customer’s decision process because recreational marijuana is an expensive and highly taxed product. It will be interesting to see if younger consumers will be more inclined to grow marijuana at home due to high prices.

For some customers, any recreational marijuana is good enough. Other, more experienced customers know what they like and have certain criteria they look for when buying recreational marijuana. For example, they might question what type of method was used to grow the plant. This type of customer is likely more concerned with quality, and would probably consult what is known as a “connoisseur shop.”

The product at these venues is produced in a meticulous manner that results in a higher quality product as opposed to “cheaper,” less effective marijuana sold at other locations. The quality of a marijuana plant has much to do with “curing” step of the growing process; if done correctly, the marijuana will ideally have more potent effects upon the consumer, one of which may be the “high” feeling.

Ultimately, a customer will make recreational marijuana market decisions based on reputation, convenience, product, and disposable income. Once they find
a recreational marijuana retail store that suits their specific needs, customers are generally loyal and return for repeated transactions.

**Collaborators**

As mentioned earlier, some rules for the recreational marijuana market in Denver were based on the already existing medical marijuana market, which is also true in areas of collaboration. In the medical marijuana market, each dispensary has to have a “grow” facility, where the marijuana plant is raised. Currently, this is also the structure for recreational marijuana shops. A “Time” article accurately described this setup: “For the first few months of the new market, Colorado requires ‘vertical integration,’ which means that every marijuana business must be involved in all parts of the business — growing, processing, and selling — to get a license. Starting this summer, Colorado will open the market to those interested in specialized roles.” (Gray, 2013)

“Vertical integration” was implemented as a way to have greater control over market size and supply as it limits the number of businesses. It will be interesting to see what happens in terms of price and supply when businesses are permitted to be licensed in one stage of production: growing, processing, or selling.

Currently, storeowners must obtain a “Retail Marijuana Business License” from the Denver Department of Excise and Licenses. Only existing medical marijuana dispensaries (the establishments where Colorado citizens with a prescriptive “red card” can currently obtain medical marijuana) can apply to become recreational marijuana retail shops until July 2014. (“Colorado.gov,” n.d.) The application process takes about six to eight weeks and costs $5,000. There are
three types of licenses to apply for: conversion allows for just a retail store; co-location allows for medical and retail with separate entrances and a wall (for places that want to sell to people under 21); and co-terminus allows for medical and recreational without a wall but only selling to people over 21. (J. Jennings, personal communication, November 26, 2014) Becoming a licensed recreational marijuana retail store is clearly time-consuming and requires a lot of effort. For more detailed information on this process, visit:

Chapter 5: Legal Environment

Any time a new law or policy is implemented, society is inevitably affected in both positive and negative ways. In Colorado, Amendment 64 is no different. Even though a majority percentage (55%) of Coloradoans voted in favor of Amendment 64, there was a significant percentage (45%) who did not. (“Election Results,” n.d.) Many of these people were opposed because of the implications for their communities, which they believed would be negatively affected. The various local and state government bodies in Colorado are aware of these concerns, and they have made community wellbeing their first priority.

When I interviewed Denver City Council members, it became apparent that they want to understand the intent of the Coloradoans who voted for Amendment 64 while minimizing its impact on health and public safety. Many City Council members acknowledged the balance they have to strike between individual rights and community standards. The many debates and controversies that have arisen in response to the passing of Amendment 64 mostly center on this theme. On one side is usually a community member who does not like an element of the recreational marijuana industry, and on the other side, is a member of the recreational marijuana industry who wants to maintain his or her personal rights. In some cases, industry members and others have complained that regulations are unconstitutional.

The goal of many rule makers has been to fulfill the conditions of Amendment 64, making recreational marijuana legally available for sale in Colorado, without having it be “in your face.” This was a phrase used by a couple
Denver City Council members. This goal has been kept in mind by the local and state governments who make the regulations for the recreational marijuana industry. As mentioned earlier, many of these rules are reactive to potential problems that could occur. The currently strict and comprehensive nature of these rules demonstrates both the local and state government’s determination to minimize social costs and to protect Colorado communities.

**Advertising restrictions**

One way to make the recreational marijuana industry not overpowering to Denver society has been to limit advertising. Exactly how constrictive are the advertising restrictions? That depends significantly on how the Denver community reacts; advertising is restricted by social standards, which are the parameters many Denver City Council members acknowledged as being the parameters for rule-making. When society expresses dissatisfaction with a certain aspect of the recreational marijuana industry, the City Council and other government bodies respond by implementing a regulation.

In the case of advertising, the rules set forth by the Colorado state Department of Revenue Marijuana Enforcement Division prohibit advertising for recreational marijuana from being within close proximity of schools.

As mentioned earlier with examples of the Medical Marijuana Industry Group and the Cannabis Business Alliance, the industry has generally been respectful of society’s wellbeing, as it is in their best interest to gain the approval of not only Denverites and Coloradoans but also the many other people who are watching from inside and outside the U.S. “Public opinion really, really matters,” said Michael Elliott of MMIG. (M. Elliott, personal communication, November,
The recreational marijuana industry desires to work closely with the government bodies in Colorado to implement a safe and successful market that enhances and does not disrupt Colorado society. By achieving this type of “seamless integration,” it will be apparent that recreational marijuana can be successfully sold, and legalization in other states and even countries will ideally follow.

However, there are instances in which the proposed regulations have been challenged by players in the recreational marijuana industry. Initially, the Marijuana Enforcement Division rules said that marijuana-related publications would have to be sold from behind store counters. This rule was overturned in federal court. Recently, “High Times” and “Westword” publications in Denver have sued Colorado in opposition to the state’s rules that prohibit recreational marijuana businesses from advertising in many publications. (Ingold, 2014d)

“The rules allow recreational marijuana businesses to advertise only in publications that are adult-oriented. According to the state’s rules, recreational marijuana stores can advertise only in a publication that ‘has reliable evidence that no more than 30 percent of the publication’s readership is reasonably expected to be under the age of 21.’ There is no such restriction on medical marijuana businesses.” (Ingold, 2014d)

It will be interesting to see the outcome of this happening that leads back to the controversial nature of having to strike a balance between maintaining community standards and allowing the recreational marijuana industry and market
to function like that of any other consumer good. At the end of the day, that’s what it really is.

It will take some time for recreational marijuana to be treated like any other consumer good, however. It will even take time for recreational marijuana to be treated like other vice products, such as alcohol and tobacco. Currently, “the [recreational marijuana] ads are a far cry from the glitzy, good-times image conveyed by marketing for other so-called ‘vice’ products, like beer and liquor…’When we market vice products, the message usually centers around celebration or good times, or relaxing, taking the edge off the daily grind,’” said Stephanie Brooks, an adjunct professor who teaches digital marketing at the University of Denver's Daniels College of Business. (McGhee, 2014a)

Just as the recreational marijuana industry unites to protect its rights and weigh in on the lawmaking in Denver, citizens are invited to participate in City Council meetings, hearings for store licenses, and many other meetings. The first public hearing for a retail marijuana shop license was held on November 12. (Ingold, 2013c) These hearings are announced in newspapers, and community members often come to either express concerns about or support a potential recreational marijuana store. Clearly, the wellbeing and input of Denver citizens is a main priority of government bodies.

“Open and public consumption”

One issue that has been difficult to strike a balance with has been “open and public consumption.” The many Denverites who were opposed to Amendment 64 do not want to have recreational marijuana consumption occur “in their faces.” There are many aspects of recreational marijuana consumption, such
as the smell, that these people want to avoid. These feelings were aggravated by certain public displays of recreational marijuana.

For example, on September 27, Robert Corry, a well-known marijuana attorney in Colorado, was arrested for smoking a joint at a Colorado Rockies game; he refused to give it up to the police. Earlier that month, Corry sponsored free joint giveaways in Denver and Boulder. (“Colorado Pot Activist,” 2013) On September 30, an opinion piece by the “Denver Post” Editorial Board reminded readers that public consumption of marijuana is illegal, and is not the right thing in family destinations. (“In Colorado,” 2013) This sentiment is echoed by many parents and others who are concerned about the recreational marijuana industry’s effects on children. These concerns will be elaborated upon in a subsequent section.

Consuming recreational marijuana in public is becoming more viable with the development of technology. As mentioned earlier, the new Pax vaporizer allows people to consume marijuana very discreetly. (Donnelly, 2013) Also, in Colorado public schools, teachers are keeping an eye out for students who seem to be biting their pens, which are often vapor pens that function like e-cigarettes. ("Colorado schools crack," 2014)

All of these instances led to the question of how to define “open and public consumption” in the first place? The Denver City Council responded by drafting a new ordinance that specified where recreational marijuana can and cannot be consumed. This ordinance caused much debate, and it was redrafted before passing a few weeks before retail stores opened on January 1. The Denver
City Council held a specific public hearing on November 25 to discuss open and public consumption of recreational marijuana; at least twenty citizens spoke. I attended this meeting, and noticed that one aspect that people were especially passionate about was being allowed to smoke on their front porches, which are technically private property. At first, the ordinance prohibited this, but that decision was then reversed. (Meyer, 2013a)

Despite Colorado citizens ultimately being able to consume recreational marijuana on their private property, some homeowner associations are entertaining the idea of banning marijuana use. (Illescas, 2014) “Coloradans who live in the nearly 300 federally subsidized housing projects in the state are blocked by federal regulations from using marijuana in their homes in spite of state legalization — but that could be changing at some point.” (Lofholm, 2014) The reason this would change is because people would argue that it is simply not fair. The people who live in these projects are economically less stable than other Coloradoans who are free to consume marijuana in their homes with no problems. These types of class issues will inevitably continue to complicate regulation of the recreational marijuana industry, for every person wants equal rights.

**Proposition AA**

Some of the public displays that ignited the debates on open and public consumption were in retaliation to Proposition AA. A main reason why many Coloradoans voted in favor of Amendment 64 is because of the money that would be generated through taxes. Proposition AA is the measure that specified taxes on recreational marijuana in Colorado.
To explain: Proposition AA imposes an excise tax on recreational marijuana. Amendment 64 calls for such a tax to fund public schools. Proposition AA “asks voters to approve the imposition of a 15 percent state excise tax on wholesale marijuana and a 10 percent state sales tax on retail marijuana and retail marijuana products.” This “sin tax” does not apply to medical marijuana—only to those who sell and use recreational marijuana. The fifteen percent excise tax will fund public schools, and the ten percent sales tax will go toward elements of the state regulatory system, like computer programs. (“Colorado editorial roundup,” 2013)

Proposition AA sparked major controversy; opponents had many arguments, including the fact that such a high amount of taxation would cause people to return to the black market to buy cheaper recreational marijuana. On September 9, a group protested Proposition AA by giving away free marijuana joints at Denver’s Civic Center. On September 23, protestors held a second event in Boulder, where they also gave away free joints. (Byars, 2013) On October 2, Governor Hickenlooper was a Proposition AA fundraiser, where protestors gave out free joints. (Wyatt, 2013)

These joint giveaways were part of the “No Over Taxation” campaign against Proposition AA. Larisa Bolivar, executive director of “No on Proposition AA,” gave me insight into the controversial landscape of Proposition AA when I interviewed her. One argument against Proposition AA is that marijuana taxes are significantly more than alcohol and other sin taxes in Colorado. (“How Pot Taxes,” 2013)
On Tuesday, November 5, proposition AA passed with 65 percent of Coloradoans in favor. “The measure, Proposition AA, implements a 15 percent pot excise tax plus a 10 percent sales tax—taxes that are estimated to bring in $70 million a year. The taxes are in addition to a 2.9 percent sales tax that pot stores will be subjected to for marijuana regulation.” (Moreno, 2013)

Also, on Tuesday, November 5, Denver citizens voted a 3.5% citywide sales tax on recreational marijuana. This tax is in addition to those under Proposition AA. (Meyer, 2013c)

**Recreational marijuana and children**

Recalling the debates surrounding “open and public consumption” of recreational marijuana, a concern of many people is the effect of recreational marijuana on children. There are arguments for and against the claim that recreational marijuana negatively affects children. These arguments are especially controversial because of limits as dictated by the personal freedoms given in the U.S. At the root of these arguments is the bigger question of how people should parent. If a Colorado citizen has recreational marijuana at home, his or her child will likely see it. Is this necessarily wrong? Some would say yes, and some would say no. It echoes the split between individual rights versus community standards. But again—how far can the regulations actually go in preserving community standards before they begin to infringe upon the civil liberties that characterize society in the U.S.?

The answers are not simple, and they have sparked passionate debate amongst parents, research authorities, industry groups, and many others. So far, it seems as if the Denver City Council has tried to give consideration to personal
freedoms, while continuing to preserve community standards, of course. For example, there was an amendment to the “open and public consumption” ordinance that originally did not allow for consumption of recreational marijuana on front porches. This amendment was later reversed in response to the objections expressed by citizens that said they should not be told what to do on their private property. (Meyer, 2013a) The City Council members are dedicated to protecting the community, but they know their limits. Councilwoman Mary Beth Susman commented, “Government can’t do the work of parents.” (M.B. Susman, personal communication, November, 25, 2014)

Aside from advertising near schools, which is banned, and other exposure over which parents have little control, a child’s involvement with recreational marijuana is in large part his or her parent’s responsibility. There are risk factors associated with recreational marijuana; many parents recognize this, and are determined to parent effectively while being a consumer of this product.

Brittany Driver, a Denver citizen, passionately described this situation in a column published in “The Cannabist”:

“Being a pot-using parent comes with an entirely extra set of responsibilities. One of those is being careful that I am not consuming more cannabis than I should. As a caregiver I need to be ready to go at a moment’s notice. And I am.

This requires a lot of self-awareness, honesty and willpower. I need the self-awareness so that when I come to that thin line between appropriate medicated and overly medicated, I can see that. I need the honesty to acknowledge I am at my limit. And I need the willpower to not shrug my shoulders and hop over that line and smoke a joint.

… I am a role model for my son. It would be completely unacceptable if I excessively drank alcohol while being in charge of him. It would be equally bad to become stoned beyond recognition while I was parenting. So I don’t.

That doesn’t mean that as an adult I shouldn’t be able to partake responsibly. Many people live stressful lives and seek a way to unwind. Some of those people choose to use marijuana or alcohol to help relieve that stress. And that is legal. …If we each drank a glass of wine with dinner every night no one would bat an eyelash. The same acceptance should be afforded if I want an evening vaporizer session with my husband after my son hits the sheets. Unfortunately, the stigma remains.” (Driver, 2014a)
There are strong arguments on both sides, but at the end of the day, the personal freedoms given to citizens of the U.S. determine the extent to which children are exposed to recreational marijuana in their private realm, meaning mostly at home. These new situations involving recreational marijuana and children call for a high degree of cognizance and responsibility, so children will not be negatively affected. Ideally, Coloradoans will parent in this way, as many already are.

**Still technically illegal**

Although there is a new market, recreational marijuana faces an “image issue” that was elaborated on earlier. In short, recreational marijuana is in an extremely awkward position because it is still technically illegal. Marijuana is classified as a Schedule I Controlled Substance by the FDA. “Schedule I drugs, substances, or chemicals are defined as drugs with no currently accepted medical use and a high potential for abuse. Schedule I drugs are the most dangerous drugs of all the drug schedules with potentially severe psychological or physical dependence.” (“DEA / Drug Scheduling,” n.d.) This classification causes many people to automatically associate recreational marijuana with criminal organizations and other negative on goings.

However, as the medical and other benefits of marijuana are discovered, many people are beginning to think that it might not be so bad after all. Also, the “stoner stereotype,” which is associated with *Reefer Madness* and other pop culture phenomena, is beginning to dissipate as recreational marijuana is bought by all types of people.
Earlier this year, a memo from the Justice Department declared that it will not intervene with the recreational marijuana industries in Colorado or Washington if they safely and effectively regulate the product. (Leinwand Leger, 2013) Later on, President Obama said marijuana is no more dangerous than alcohol in an interview with “The New Yorker” magazine. (“Obama,” 2014) On February 14, the Obama administration gave U.S. banks the permission to work with recreational marijuana businesses, which had formerly only been allowed to operate as “cash only” businesses. (Migoya and Sherry, 2014)

Amidst these happenings and talk of marijuana decriminalization in Washington D.C., the U.S. government seems to be experiencing an attitude shift towards recreational marijuana. Indeed, the progress that has been made has inspired other countries, such as Jamaica, to reconsider their policies on recreational marijuana. This progress is due “largely to a White House that’s more open to drug war alternatives,” as stated in an article from the “Denver Post”. (Johnson, 2014)

Although progress towards marijuana legalization across the U.S. is being made, it may be a while before the recreational marijuana markets are federally regulated. This is because of recreational marijuana’s “image issue,” the fact that it is so controversial, and other complicating factors. However, there is a large need for federal regulation because The Department of Revenue’s Marijuana Enforcement Division must do essentially everything itself. This is a daunting task when their staff and other resources are limited. The U.S. government helps regulate other consumable products. For example, the Bureau of Alcohol, Tobacco, and Firearms is a federal organization that regulates those products.
Consequently, there is no federal “standard” that recreational marijuana must meet. This could potentially result in faulty, and maybe even dangerous, products. However, recreational marijuana stores are accountable for the integrity of their products, and there are attempts within the recreational marijuana industry to establish effective and safe regulation. For example, a professor and her students are developing a way to test for contaminants, such as mold and pesticides, on marijuana plants to improve quality control. (Collins, 2013) As I learned when interviewing government employees, federal assistance would help Colorado ensure a safe market with less strain on its resources.

**Free Speech concerns**

Above, I elaborated upon the current issues with advertising in the recreational marijuana industry. Because this product is so controversial, advertising must be done very carefully. The rules that dictate how advertising can be done within the recreational marijuana industry have been challenged by different players, such as “High Times” and “Westword.” One theme that underlies many of the arguments made by these players is the concept of free speech. Keeping in mind there are many specifics and technicalities, it is often argued that advertising restrictions are unconstitutional on the basis of limiting free speech.

The problem, as described above, is that fact that recreational marijuana is an extremely controversial subject, and advertising often exacerbates the associated conflicts. For example, to advertise for the Super Bowl, the Marijuana Policy Project put up five billboards near the MetLife Stadium in Northern New Jersey. (“Marijuana Activists Hope,” 2014) This action sparked a major reaction,
and caused anti-marijuana-legalization group Project SAM, for Smart Approaches to Marijuana to run opposing billboards nearby. (“Anti-legal,” 2014)

The challenge of striking a balance between individual rights and community standards lies at the root of all these events. This causes advertising for recreational marijuana to be restricted by social standards. As mentioned earlier, much of the industry knows this, and wants to make a good public impression that will ideally lead to legalization. Some industry players are especially cognizant, and question whether free speech rights are actually being violated since recreational marijuana is not legal nationally.

There are many passionate opinions colliding in the small space that is the recreational marijuana industry culture. Advertising is an integral and inevitable element, and how exactly to regulate it is complex. As the industry grows, advertising will necessarily be more prevalent, and cooperation between advertisers and lawmakers will continue to be the key to a successful market.

**Injustices**

There are many different motivations for the marijuana legalization movement ranging from an attractive, lucrative market to increasing access to the health and other benefits of marijuana. Also, many people are concerned about the social and economic injustices within the U.S. legal system caused by marijuana prohibition. Groups, like the Marijuana Policy Project, believe it is time for a change. In their eyes, marijuana prohibition has not been effective, for people still gain access to marijuana on the black market. Rather, marijuana prohibition has negatively affected countless people; there are debilitating, detrimental, and devastating implications for people who get involved with marijuana in the wrong
way. These are what motivate many actors in marijuana legalization. Betty Aldworth of the National Cannabis Industry Association, who helped pass Amendment 64, said “it’s “not just about the right to get high.” (B. Aldworth, personal communication, November 26, 2014)

Unfortunately, “the right to get high” is how many people do think of the purpose for marijuana legalization, for many of the social and economic injustices remain unknown in common culture. For example, blacks are arrested more often than whites even with comparable levels of marijuana use. (Johnson, 2014) Also, once a person has been convicted of marijuana use, it is much more difficult to acquire student loans, a job, and other endeavors. This setup often results in major setbacks for people who have been convicted of marijuana use or possession—even if this occurred a number of years ago. These injustices, along with others, are explained more in-depth on the homepages of pro-marijuana legalization organizations, such as the Marijuana Policy Project, the National Cannabis Industry Association, the National Association for the Reform of Marijuana Laws (NORML), Students for Sensible Drug Policy (SSDP), and many others.

Under marijuana prohibition, the market is left in the hands of cartels. This increases the danger of buying marijuana, as the source is commonly unclear and violence is more prone to take place. Pro-marijuana legalization organizations believe that the way to eliminate the black market and to make marijuana safe to consume is twofold: First, marijuana must be legalized. Then, an effective, safe market must be implemented through tight regulation.
Chapter 6: Political Environment

As is evident in the mass media, recreational marijuana has become a significant political issue. Marijuana decriminalization and legalization are two
measures that have made their way onto voting ballots and into political figures’ platforms.

In terms of Amendment 64, Michael Hancock, mayor of Denver, did not initially vote in support of Amendment 64, but he is now committed to effectively implementing it. (“How Has Legalization, 2014) Also, John Hickenlooper, Governor of Colorado, did not initially support Amendment 64. (Ingold, 2012)

In Florida, recreational marijuana legalization is currently on Florida’s November 2014 ballot, and has the potential to tilt the vote against Rick Scott. (Olorunnipa, 2014) In New Jersey, Governor Chris Christie is vehemently against even medical marijuana legalization, although he signed a bill allowing it under certain conditions. (Hefler, 2014) This bill underwent some fundamental changes, such as age requirements, before Christie would sign it. (Ferrigno, Koenig, and Hudson, 2013)

“On January 8, New York Governor Andrew Cuomo said his state would join 20 others and the District of Columbia in allowing the drug for medical purposes.” (Bremner and Del Giudice, 2014) Rob Ford, Mayor of Toronto, is pushing the federal government in Canada to decriminalize marijuana. (“Toronto Mayor,” 2014) Recently, President Obama said marijuana is no more dangerous than alcohol in an interview with “The New Yorker” magazine, as previously mentioned. (“Obama,” 2014)

Clearly, there is a diverse array of opinions toward the legalization and decriminalization of marijuana that surface in the form of current events covered in the media. There are many well-known political figures expressing these opinions. Despite the fact that these figures come from both the Democrat and
Republican political parties, marijuana legalization seems to have less of a bi-
partisan divide than one would be inclined to think. Though there are definitely exceptions depending on location in the U.S., the majority of people across both parties seem more open to the idea of marijuana legalization and decriminalization. For example, a poll showed that 70% of Republicans and 87% of Democrats support the legalization of recreational marijuana in Florida (Li, 2014). Also, “Democrats from marijuana-friendly states have pushed to legalize hemp cultivation, as have Republicans from states where the fibrous plant could be a profitable new crop.” (Wyatt, 2014a)

**Growing acceptance**

As mentioned earlier, marijuana legalization seems to be gaining acceptance by the U.S. government, as evidenced by the decriminalization of marijuana in Washington D.C. and other instances. Though marijuana still faces the “image issue” described above, due to its Schedule I classification and other factors, gradual changes continually increase the likelihood of this product being legalized across the U.S. More and more U.S. citizens seem to be moving toward acceptance of marijuana as a recreational product, making legalization viable. Although it may take a while before recreational marijuana is viewed in the same light as alcohol, tobacco, or other consumable substances, a significant portion of U.S. citizens, seem to be in support of marijuana legalization.

In October 2013, the Gallup poll showed that, for the first time, the majority of Americans (58%) say marijuana should be legalized. This statistic has significant implications for marijuana, for “whatever the reasons for Americans' greater acceptance of marijuana, it is likely that this momentum will spur further
legalization efforts across the United States.” (Swift, 2013) Above, I mentioned there are definite exceptions to the apparent support for marijuana legalization across both parties. The Gallup poll comprehensively described the political environment, including an info graph: “Independents' growing support for legalization has mostly driven the jump in Americans' overall support. Sixty-two percent of independents now favor legalization, up 12 points from November 2012. Support for legalization among Democrats and Republicans saw little change. Yet there is a marked divide between Republicans, who still oppose legalizing marijuana, and Democrats and independents.”

**Percentage of Americans Who Support Legalizing Marijuana, by Party Identification**

<table>
<thead>
<tr>
<th></th>
<th>Republicans</th>
<th>Democrats</th>
<th>Independents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 3-6, 2013</td>
<td>35%</td>
<td>65%</td>
<td>62%</td>
</tr>
<tr>
<td>Nov 26-29, 2012</td>
<td>33%</td>
<td>61%</td>
<td>50%</td>
</tr>
</tbody>
</table>

GALLUP

(Swift, 2013)

Still, current events and my primary research have led me to believe that support for legalization seems to be increasing across Democrat and Republican political parties. Whether this is correct or incorrect, marijuana legalization remains high on both parties’ agendas, and it is being looked upon favorably by Independents.

**Chapter 7: Social and Cultural Environment**

**So far, so good**

As mentioned in various sections above, the recreational marijuana market in Colorado is “one giant gray area,” and no one knows how it will turn out.
Different measures, such as state and local regulations, have been implemented to facilitate a “seamless integration,” however. So far, most everything seems to be going well.

Despite initially not supporting Amendment 64, Mayor Michael Hancock released a statement saying the execution has been successful: “I am proud of Denver’s responsible and balanced implementation of Amendment 64. Over the past year, our city agencies have worked hard to collaborate with our partners and listen to so many in our community to establish thoughtful regulations. We also focused on educating residents and visitors of those laws. We saw the fruits of that labor today. I want to thank the businesses and consumers alike for acting responsibly and with great accountability today. Denver is a progressive city, a vibrant city, and it’s incumbent on all of us to continue getting this right.” (USA, 2014)

On January 16, Ashley Kilroy, Denver’s Executive Director of Marijuana Policy, gave positive feedback: “So far, Kilroy said, the implementation of the city's regulatory structure has been seamless. About two new retail stores are opening every day, she said, and people appear to be adhering to the city's laws around open consumption. Only nine citations have been issued for violating the city's laws around marijuana since Jan. 1.” (Meyer, 2014)

**Education**

Kilroy “attributes the success [of the recreational marijuana industry] to an education campaign beforehand, letting people know they cannot openly consume, drive while stoned, take pot outside of state lines, allow consumption by
minors and sell weed other than in a licensed store.” (Meyer, 2014) As mentioned above, Denver’s citizens have been encouraged to actively engage with policy making and other facets of the recreational marijuana industry. And they have.

This type of education needs to continue to maintain the positive aspects of the recreational marijuana market. It prevents people from violating certain rules. For example, there have been instances in which people have tried to transport marijuana through the airport, ultimately bringing it to other states where it may be or more likely is not legalized. (TSA, 2014) These occurrences are very complicated. (“Wash., Colo.,” 2014) Because many people, namely tourists, do not know the rules, some airports, like Colorado Springs, are putting up amnesty boxes for those who do not realize that it is illegal to carry marijuana on an airplane. (“Pot Amnesty,” 2014)

Additional attempts are being made to educate the public. For example, Colorado recently acquired a $400,000 federal grant to advertise the dangers of driving while under the influence of marijuana and to train police officers to recognize marijuana impaired drivers. (“Colorado Wins,” 2014) “Stoned driving” is a particularly challenging offense to track. (Ingold, 2014a) With the recent occurrence of an allegedly stoned driver crashing into two Colorado State Patrol cars on January 12, education in this area is clearly necessary. (McGhee, 2014b) On February, 25 Colorado state troopers took an intensive, nine day course on “how to recognize and prosecute drivers under the influence of marijuana.” (Whaley and Ingold, 2014) Additionally, “Colorado is launching a new ‘Drive
High, Get A DUI’ campaign to remind drivers that newly legal marijuana should be treated like alcohol and not used before driving.”(Wyatt, 2014b)

**Recreational marijuana and children, continued**

Above, there is a discussion of marijuana and parenting—this is a controversial area. By nature, parents in the U.S. have a certain degree of freedom to use recreational marijuana in their homes, which increases the chances of their children being exposed to it. This may or may not happen. Still, many people are especially concerned about the negative effects of marijuana on children.

Children’s safety was prioritized when The Department of Revenue rules were drafted, especially the advertising sections. These rules are very strict in attempting to limit the under-21 segment of Coloradoans from being exposed or gaining access to recreational marijuana. Specific measures have been taken to ensure the protection of these individuals. For example, in Washington, and probably Colorado, a group of minors has been selected to try to buy marijuana in retail stores to see how effective regulation is and limit youth access. This is similar to undercover operations used to see how easy it is to buy liquor as an underage citizen. (Young, B., 2013)

Research is often cited to show marijuana’s negative effects on the still-developing brains of children. This is one concern of critics. Another major argument is that being around marijuana will make kids more likely to try it. Smart Colorado is one of the biggest opponent groups; it was formed in March 2013 after the passage of Amendment 64. This group advocates for “thoughtful and responsible marijuana policies that limit the unintended consequences for Colorado youth.” (“Our History,” n.d.) Smart Colorado is just one example of the many groups motivated by a concern for children.
There have been some instances, such as the hospitalization of two high school students after they ingested marijuana edibles. However, it is too early to tell whether these instances are linked to the legalization of recreational marijuana. (“Colorado students treated,” 2014) Further, “there are no hard numbers yet because school disciplinary statistics do not isolate marijuana from general drug violations. But school resource officers, counselors, nurses, staff and officials with Colorado school safety and disciplinary programs are anecdotally reporting an increase in marijuana-related incidents in middle and high schools.” This may be because kids view marijuana as a safe and acceptable substance because of legalization and increased social acceptance. (Lofholm, 2013)

It cannot be denied that the recreational marijuana industry affects all Colorado citizens, both positively and negatively. For different reasons, children are at more risk than others for being negatively affected by recreational marijuana. The goal of the industry and lawmakers is to minimize these effects through various measures, some of which are already under way. A large amount of attention will continue to be given to children in the near and far future.

**Increasing social acceptance**

The “image issue” that the recreational marijuana industry has is described above in different sections. Many have acknowledged that “gradual legalization has led to gradual social acceptance.” (Beckman, 2014) Granted, recreational marijuana is by no means socially acceptable in the way that alcohol is, but it is moving in that direction.
To prevent repetition of the former sections and chapters, this description from the October 2013 Gallup poll will serve to explain the social acceptance that has taken place:

“It has been a long path toward majority acceptance of marijuana over the past 44 years, but Americans' support for legalization accelerated as the new millennium began. This acceptance of a substance that most people might have considered forbidden in the late 1960s and 1970s may be attributed to changing social mores and growing social acceptance. The increasing prevalence of medical marijuana as a socially acceptable way to alleviate symptoms of diseases such as arthritis, and as a way to mitigate side effects of chemotherapy, may have also contributed to Americans' growing support.

Whatever the reasons for Americans' greater acceptance of marijuana, it is likely that this momentum will spur further legalization efforts across the United States. Advocates of legalizing marijuana say taxing and regulating the drug could be financially beneficial to states and municipalities nationwide. But detractors such as law enforcement and substance abuse professionals have cited health risks including an increased heart rate, and respiratory and memory problems.

With Americans' support for legalization quadrupling since 1969, and localities on the East Coast such as Portland, Maine, considering a symbolic referendum to legalize marijuana, it is clear that interest in this drug and these issues will remain elevated in the foreseeable future.” (Swift, 2013)

Support for marijuana legalization is especially popular amongst younger people. “The [Gallup] poll said it was clear there is popular support for legalization among people in the survey ages 18-64…Sixty-seven percent of 18-to 29-year-olds affirmed their support while 62 percent of people ages 30-49 approve of the legalization of marijuana.” (Merod, 2013) Also, the CNN/ORC International survey from earlier this year “indicated that the number of people who say smoking pot is morally wrong has plunged.” (“CNN Poll,” 2014)

**Image issue**

Social attitudes will continue to shift toward acceptance as the “reefer madness stoner stereotypes” begin to disappear and recreational marijuana becomes more of a commonly consumed substance. The reality of this product is that the user base for marijuana extends far beyond “the underachiever who loses their train of thought mid-sentence and chuckles clumsily.”(Sack, 2013)
“…The public's curiosity alone may not be enough to recast the marketing image of pot consumers as connoisseurs rather than loopy stoners who can't be trusted to imbibe with the same moderation that most drinkers exhibit, advertising pros say.” (McGhee, 2014b) Still, “If recreational marijuana sale and use becomes legal nationally, or in a large number of states, deep-pocketed companies — think tobacco and liquor — could enter the market and bring with them upscale advertising campaigns that chip away at the stoner image shaped during 70 years of prohibition,’ Wagner said. ‘The magic of advertising is we can say whatever we want, and it is all about creating that positive image…Hip, cool, rather than lethargic stoner.’” (McGhee, 2014b)

Also, the recreational marijuana industry is actively combating this “image issue” with various initiatives. For example, “The Green Team [is] a volunteer organization whose stated mission is to improve the perception of medical cannabis through community service and social activism. And they're not alone. ‘There's at least 10 (Colorado dispensaries) I can think of that gave at least $10,000 or $20,000 to charity in 2012,’ said Betty Aldworth, deputy director of the National Cannabis Industry Association. The growing movement of philanthropic-minded industry groups and dispensaries is turning Colorado into a national example of how marijuana businesses can improve their image — while also getting their name out to potential customers.” (Wenzel, 2014)

Eventually as the recreational marijuana market begins to function like any other product market, recreational marijuana will no longer seem “cool” or “rebellious.” The reason is that access will no longer be restricted, and it will be
more socially acceptable instead of being viewed as dangerous contraband. (Saks, 2014) This could be looked at as a positive development for youth safety, for minors will be less determined to consume recreational marijuana when it is no longer an attractive hazard and more of a common product.

A complicating factor in the shift from this “image issue” is marketing and advertising—which have the potential to either facilitate or inhibit a positive image shift, depending on how tastefully and in what manner they are done. If negative, the “stoner stereotypes” will persist. More likely, however, is that greater emphasis will be placed upon the medical and other positive benefits of marijuana. Viewing marijuana from this perspective is taking foothold as milestone discoveries and events are shedding light on new medical uses.

In California, many people have realized that medical marijuana (and by implication recreational marijuana) is not as bad as pop culture and some media outlets make it out to be, for it has actually had some positive effects. Many of the worst case scenarios that discourage people from supporting marijuana legalization have not occurred. For example, “with neighborhoods upset at… the threat of unsavory street traffic and the stigma of marijuana shops on the corner, communities that imposed early and strict regulations on their operations have not experienced such disruption.” (Nagourney and Lyman, 2013)

People will likely begin to view marijuana as comparable to other consumer goods as medical uses are continually publicized. As mentioned above, “marijuana refugees” are moving to Colorado to acquire “Charlotte’s Web” for their epileptic children. (Phillips, 2013) Also, although THC is the most well-
known component of marijuana that produces the stereotypical, psychoactive “high,” there is a large amount of additional chemicals affecting the body. Approximately 60 of these are known as cannabinoids. (Draper, 2013) These cannabinoids have medical potential that will be discovered as more medical research is done on marijuana.

**Athletes and marijuana**

In 2009, Michael Phelps faced major criticism when his marijuana usage was publicized; he lost major sponsorship and was suspended from competition for three months. (Macur, 2009) Today, the possibility of professional athletes using marijuana is more viable and seems like it would have less severe consequences. In January, NFL commissioner Roger Goodell said, “the NFL is ‘not actively considering’ allowing players to use marijuana for medical reasons, but “that’s something we would never take off the table, if it can benefit our players.” (Labak, 2014) Further, 71% of Coloradoans recently said they would not mind if the Broncos team members smoke weed after the Super Bowl. (Lee, 2014)

Other sports figures, like David Harrison who played basketball for the University of Colorado and the NBA, have been criticized for using marijuana. Many people are beginning to rethink the sanctions imposed upon athletes who consume marijuana, as described by Benjamin Hochman in an article from the “Denver Post”.

“He [Harrison] was ahead of the curve too, outspoken about NBA players smoking pot, which he did primarily for pain relief due to a shoulder injury (and also because, well, pot makes people feel awesome). But he's now a 7-foot pariah. After serving a five-game suspension for pot use, and actually being league-mandated to go to rehab for pot, his NBA career flamed out.

… He makes you rethink. He has made me rethink. Who cares if athletes smoke pot? This isn't a major narcotic. It should be the same realm, really, as whiskey or a triple-shot espresso. But over
time, it has been categorized as this evil thing, and that mind-set has permeated into our beloved sports. Leagues and teams don't want to be associated with marijuana. Sports are a business, and the stigma of "sticky icky" is bad for business.

So somewhere along the line, drinking alcohol became totally acceptable and pot became abhorrent, as if the difference between these two substances is like soda and meth. In sports we have Coors Field, a team called the Brewers and major advertising from beer companies. But weed, as I've said before, is a four-letter word in sports.

Yes, as a fan, you don't want your favorite players dabbling with anything that could possibly affect their preparation and performance. But let's also take a step back and be realistic about this. The NBA, for instance, didn't test for weed until 1999, and before that, players got high and still played at a high level. With legal weed in sports, players might smoke more than now, but they're not going to jeopardize their careers. You might have a few overabusers, like we currently do with alcohol. A few guys might get lazier, sure, but many others might get healthier quicker by smoking pot for injury recovery. But really, it's all about sports catching up with the times and embracing reality.” (Hochman, 2014)

As current events continue to publicize the use of marijuana in athletic and other professional realms, there will be an inevitable and hopefully positive image shift for both medical and recreational marijuana.

Chapter 8: Economic Environment

As mentioned before, the recreational marijuana industry is “one giant gray area,” meaning that it is difficult to tell exactly what will happen because the industry is so new. Sam Kamin, a professor at the University of Denver who helped create the marijuana laws in Colorado, said, “It’s [the recreational
Like any new product, the recreational marijuana market will undergo the well-known foundational principles and cycles of macro and micro economics.

Right now, people are trying to make sense of the current landscape and forecast what exactly will happen as the market grows bigger with more retail stores opening. “[We are] just trying to understand and grow economies to scale because that’s what’s going to happen,” said Larisa Bolivar. (L. Bolivar, personal communication, November, 24, 2014). As mentioned earlier, the recreational marijuana industry will likely stay very lucrative and increase in size, which makes streamlining necessary as businesses grow more corporate to meet consumer demand.

**Lucrative economy**

A main reason why many Colorado voters supported Amendment 64 is because of the revenue recreational marijuana sales would generate in the form of taxes and the generally lucrative nature of this industry. The recreational marijuana industry would grow Colorado’s overall economy and provide job opportunities through retail stores and ancillary businesses. Indeed, “there may be a positive net fiscal impact for states from legal marijuana. A 2010 study by the libertarian Cato Institute, co-authored by Harvard's Miron, forecast that states could save $17.4 billion annually from reduced drug enforcement costs and increased tax revenue, assuming marijuana production and sales were legal nationwide.” (Bremner and Del Giudice, 2014)
Furthermore, “(Governor) Hickenlooper’s budget office says it expects the recreational and medical marijuana industries combined to pump nearly $134 million in tax and fee revenue into state coffers in the fiscal year beginning in July. Extrapolating from those figures, the proposal estimates sales in all marijuana stores to approach $1 billion for that fiscal year. Recreational pot shop sales are estimated to account for more than $600 million of that…” (Ingold, 2014c)

And, “Colorado is off to a fast start collecting tax revenue from the sale of medicinal and recreational marijuana. According to Forbes, the state's January take was $1.5M for the former and $2M for the latter. The bulk of sales happen in Denver county.” (“Colorado Getting,” 2014) Different parties have begun debating about how to spend this tax revenue; the Colorado state Joint Budget Committee, which consists of state lawmakers, has been discussing how to divide the money. It was previously decided that the first 40 million from marijuana excise taxes will be spent on school construction. (“Colorado Joint Budget,” 2014)

A significant reason this tax revenue is so abundant is because of the high level of recreational marijuana sales that have taken place. On January 1, about $1 million in business transactions was done at approximately 35 retail stores. (Martinez, 2014) January as a whole saw 14 million in recreational marijuana retail sales. (Ferner, 2014) Some retail stores were concerned that they would not have enough product to meet the consumer demand. This turned out to be true, as
many customers who had waited on long lines for the majority of that day were
turned away or given vouchers to come back the following day.

**Demand outweighs supply**

The Colorado government made its initial recreational marijuana supply
regulations in an attempt to prevent excess inventory that might leak over into
other states. The recreational marijuana industry was potentially going to be based
on the medical marijuana “tier system” and “vertical integration” to determine
product supply restrictions. Under the “tier system,” a medical marijuana
dispensary can produce the amount of marijuana permitted by whatever tier it is.

“Vertical integration means that every marijuana business must be involved in all
parts of the business — growing, processing, and selling — to get a license”

(Gray, 2013) “Vertical integration” was implemented as a way to have greater
control over market size and supply as it limits the number of businesses. The
“tier system” also gives tight control over medical marijuana product supply.

Whether the recreational marijuana market actually uses these two
elements or not, there are significant differences described above between the
profit-based recreational marijuana market and the smaller medical marijuana
market. For this reason, the recreational marijuana market will eventually operate
according to systems that allow supply to fulfill the seemingly insatiable demand.

On January 1, stores had to ration the amount of recreational marijuana
they sold to each customer. The amounts sold were smaller than the legal,
permitted amounts; in some cases, customers could only buy one-eighth of the
legal amount, an ounce. (Ascarelli, 2014) The Denver area’s largest edibles
supplier, Elixirs and Edibles, ran out of supply in three days. (Haythorn, 2014)
The Medicine Man “took the unorthodox step of trying to sell less of its own [recreational marijuana] starting in September to stockpile for recreational sales.” (Gorski, n.d.)

Legally, Denver residents can grow up to 12 recreational marijuana plants per household. (Meyer, 2013b) Colorado law prohibits the sale of recreational marijuana in any place other than a licensed retail store, but it will be interesting to see how home growing affects store product supply. Many people will potentially grow their own plants if they cannot easily access recreational marijuana.

“Green Rush & Ganja-preneurs”

Clearly, the recreational marijuana industry is growing quickly. “One industry group says that the legal marijuana business will increase 64 percent this year and top $10 billion within five years.” (Green Rush,” 2014)

With significant growth, this industry will become streamlined and gain more of a corporate feel. Elaboration upon this process can be found in earlier sections. As more retail stores enter the market, recreational marijuana will become more of a commodity product, and will vary in terms of quality. “We’re going to end up having the Wal-Mart’s and the Starbucks,” said Larissa Bolivar. (L. Bolivar, personal communication, November, 24, 2014). As mentioned above, the Medicine Man is seeking to become a national player in the recreational marijuana market by building what has been called the “Costco of Weed.” This includes $2.6 million in renovations.” (Gorski, 2013)
Retail shop owners are not the only people taking advantage of the recreational marijuana market. As described above, there are “ancillary businesses” and investors who seek to make a profit. On the subject of ancillary businesses, “‘You can relate it back to the gold rush,’ says Ean Seeb, co-founder of the Denver Relief marijuana consulting company. ‘For every chunk of gold, you needed picks and shovels, a pan and a sifter, and the same thing applies to cannabis. For every gram of marijuana, you need a bag, labels, receipts, exit packaging, point-of-sale, a way to pay for it, staff, uniforms, a payroll company, insurance, and so on.’” (Kamin and Warner, 2014)

Some examples of ancillary businesses are magazine publications, like “High Times” and “Cannabis Culture.” Mary Jane entertainment gives cannabis related tours in the Denver area. (“Tours,” n.d.) In Denver, Cronic Cabaret allows you to smoke while enjoying burlesque dancers and other entertainment. (Baca, 2014a) Rona Hanson has started to sell real estate to people looking for places to grow marijuana. (Kamin and Warner, 2014) Also, “Advanced Cannabis Solutions, whose stock has soared 466 percent this year, has obtained as much as $30 million in credit to help acquire properties that it will lease to marijuana growers.” (Robinson, 2014)

“ArcView projects the market for legal marijuana will grow to $2.34 billion this year…ArcView is trying to cash in by connecting people who want to put money into pot with companies seeking investors. In return for a $3,500 annual fee, prospective investors get a chance to attend sessions where pot entrepreneurs promote their businesses. The number of investors in ArcView’s
network has grown to about 110 from about 20 a year ago, Dayton says. Members include Republican New York State Assemblyman Steve Katz and Joby Pritzker, whose family started Hyatt Hotels.” (Vekshin, 2014a)

The added revenue these ancillary businesses and investors creates big and small players. Some people fear that these bigger players may “buy out” the industry. Instead, these people would like to see “conscious capitalism,” and “cooperative growth,” which entails big and small businesses working together. Ideally, both will flourish, and creative growth will be stimulated. One other question that many people have regarding out of state investment is if a “brain drain” will occur; only time will tell.

Some people have predicted that product demand will eventually slow. Whether that happens or not, the overarching goal of the recreational marijuana industry players is to create an industry that thrives on sustainable growth instead of one that has a “boom and bust” cycle.

**Banks and recreational marijuana shops**

On February 14, the U.S. government gave banks permission to offer accounts and other services to recreational marijuana stores. The Treasury’s Financial Crimes Enforcement Network issued guidelines for banks. (Vekshin, 2014b) As aforementioned, this step made progress towards legitimizing and increasing social acceptance of the recreational marijuana industry. However, getting to this point was not necessarily easy.

Because recreational marijuana is still a federally illegal substance, banks refused to do business with these technically “criminal organizations.” Consequently, retail stores were generating large amounts of transactions as “cash
only” businesses, which increased the likelihood of them being robbed; this was simply unsafe.

On October 2, Colorado’s Governor John Hickenlooper wrote a letter to the government asking for banking services. (“Washington, Colorado,” 2013) In early January, the Denver City Council pushed for recreational marijuana businesses in Colorado to be given access to federal banking services. (“Denver pushes for,” 2014)

Progress was made when customers could begin using credit cards to purchase recreational marijuana at retail stores in early January. (Migoya, 2014) In late January, attorney general Eric Holder said that federal banking regulations would soon follow. (“Eric Holder,” 2014)

The recent step that allows banks to legally service recreational marijuana businesses is a positive and significant step for this industry. It will help market transactions have greater accountability and occur in a more responsible and safer manner.

Chapter 9: Technological Environment

One of the biggest concerns about implementing this new recreational marijuana market is tracking the product itself. Colorado state regulators do not
want an oversupply because it risks overflow into other places where recreational marijuana is illegal. The supply of recreational marijuana at each grow facility is tracked from “seed to sale” to ensure that it only ends up at a licensed retail store. To conduct this “seed to sale” tracking, the Marijuana Inventory Tracking System (MITS) is used by the Department of Revenue's Marijuana Enforcement Division.

“MITS consists of software developed by Florida technology company Franwell. The MITS software, residing on Colorado's database, is designed to track each plant or package—beginning with the moment a marijuana cutting is first planted. To monitor what each cannabis plant or product consists of, as well as where it originated, the state is employing EPC Gen 2 UHF RFID [radio frequency identification] tags supplied by Franwell. Marijuana growers must purchase these tags—available in various forms, including as a hangtag or an adhesive label—and attach them to the plants themselves, or to packages of processed marijuana... Colorado requires that growers of marijuana, whether for recreational or medical purposes, purchase RFID tags and log into the MITS system via the Internet in order to update a pot product's status. Marijuana can be bought and sold in amounts of no more than one pound... Each label must be printed with a product's details, including where and when it originated, in addition to any pertinent processing information.” (Swedberg, 2013)

After the marijuana plant is dried and packaged, "the processed goods are distributed to retailers that then place them on the shelf for sale. State inspectors equipped with a handheld reader can periodically visit each retail site, where they
can read the tags on each product and view that item's history, ensuring that it meets all necessary processing and inspection criteria." (Swedberg, 2013)

The MITS system will cost about $1.6 million. As stated in Proposition AA, MITS is partly funded by revenue from the ten percent sales tax on recreational marijuana sales transactions. (Kinney-Lang, 2013) MITS is meant to increase accountability and transparency within the recreational marijuana industry by giving regulators tight control over the market.

Additionally, retail stores must have a separate sales-tracking system. One example in the medical marijuana industry is MJ Freeway, which helps dispensaries keep track of and manage inventory and sales. “Once the pot hits the shop, regulators will check the inventory-tracking system against the store's sales-tracking system. For every purchase recorded in the latter, Kammerzell [Rob Kammerzell is the state Department of Revenue's deputy senior director of enforcement] said, there should be a decrease in inventory reported in the former... Kammerzell said the Department of Revenue has other procedures — which he declined to elaborate on — for making sure cash is accounted for that were derived from the department's regulation of casinos. Mandated surveillance cameras and video storage and on-site visits by auditors should also help keep businesses in line, he said... Kammerzell said the goal initially was to make rules that are easily followed and enforced.” (Ingold, 2013b)

However, there are inherent complexities in attempting to meticulously track such a lucrative product that has long existed on the black market. For example, “They [retail stores and the Marijuana Enforcement Division] must
track the inventory weight of every business down to the gram, even though the weight of the same amount of marijuana can fluctuate daily based on things as variable as humidity.” (Ingold. 2013b) Also, human error is a viable possibility as MITS requires detailed information to be entered during different stages.

Still, retail stores are committed to being compliant, and the Marijuana Enforcement Division (MED) is trying its best to implement an effective regulation system that works for all parties. The initial loopholes and inefficiencies will be worked out, and the strategies that work most effectively will surface with the passing of time. This tight regulation takes considerable effort and resources expended by the MED, which is attempting something that has never been done before. “Kammerzell said auditors plan to do ample checking themselves. Because people from across the country and the world will be watching to see whether Colorado can effectively regulate pot, Kammerzell said Colorado must get this right.” (Ingold. 2013b)

Chapter 10: Market Segmentation

As mentioned in various sections above, recreational marijuana is a product used by a wide variety of people, despite the characterizing “stoner
stereotypes” that have prevailed in pop culture. The recreational marijuana industry is fast growing and lucrative with an insatiable demand from all different types of people. It is currently impossible for a retail store to meet the needs of all these people, for product supply has been running short since January 1. Even with the passing of time, retail stores are going to be limited in the amount of people they service; there are simply too many different kinds of people, all with different wants and expectations for the same product. For this reason, it is necessary and advisable for retail stores to pick a niche instead of trying to tackle the entire recreational marijuana market.

According to Larisa Bolivar, “…In any commodity or any goods that you have out there, you’re going to have a range of good quality, bad quality. So, all it is going to do is force competition, and on the business marketing side, what’s really going to stand out is brand and product and services.” Larisa believes that retail stores should have a solid, narrow vision; they should start small and grow bigger with velocity. (L. Bolivar, personal communication, November, 24, 2014).

Currently, as mentioned above, there is an array of retail stores ranging from high to low quality, or the “Wal-Mart’s” and the “Starbucks.” These stores will become even more specialized as sellers figure out exactly where they want to make their money. That is, which market segment they would like to service. For as diverse as the recreational marijuana user base is, the users have equally diverse motivations for using this product. Below are some examples of possible recreational marijuana market segments:
• **Segment 1:** Meet Joe. He is a 22-year-old college senior at the University of Denver who is double-majoring in Finance and Marketing. Joe is involved with a fraternity and many other on-campus activities; to put it simply, he is always "on the go." On the weekends, Joe likes to take a break from his busy lifestyle by using recreational marijuana while playing video games with either himself or with other people.

• **Segment 2:** Meet Jessie and Jared. They are both 37-years-old, and, as lawyers who work in New York City law firms, they are the definition of a power couple. Despite their demanding careers, Jessie and Jared always make sure to spend quality time with their two young children on a daily basis. After the kids are in bed, Jessie and Jared like to consume recreational marijuana in the same way that they would have a glass of wine in order to unwind from the day's hectic schedule before doing it all again tomorrow.
**Segment 3:** Meet Mary Jane. She is an unmarried, 67-year-old who recently moved to Vero Beach, FL to take advantage of the warm weather. Mary Jane loves to engage in outdoor activates. Actually, she enjoys any activity with other people because of her social personality. Mary Jane is always looking for new ways to have fun, and she has recently asked three of her friends to consume recreational marijuana with her...She knows they'll have a blast!

**Segment 4:** Meet Jake. He is a 30-year-old convenience store worker who is the closest thing to a "stereotypical stoner." Jake considers himself a "hippie," and consuming recreational marijuana is part of his daily routine;
it is a lifestyle for him. Jake knows and loves anything and everything about marijuana, and he has experimented with a wide of variety different strains.

- **Segment 5:** Meet Jim. He is a 27-year-old graphic designer in the Chicago area. Jim has always been an artist; he loves to paint and play the acoustic guitar. Jim likes to consume recreational marijuana when he is working on a new piece of art because he believes his creativity is highly stimulated and the quality of his work increases.
**The Reefer Refuge**

This recreational marijuana retail store and all its components, including the logo shown here, were created for this marketing plan.

![The Reefer Refuge Logo](image)

**Product**

The Reefer Refuge is a new recreational marijuana retail store that offers a variety of marijuana strains and other marijuana infused products: like edibles, concentrates, etc. Also, there will be a wide selection of marijuana-related merchandise, i.e. pipes, “bowls,” rolling papers, t-shirts, magazines, etc. The Reefer Refuge prides itself on high quality, innovative products. The marijuana strains are carefully grown and developed to provide the ultimate customer experience. The Reefer Refuge has an in-store café, named The Java Joint, which offers typical coffee-related drinks, like lattes, cappuccinos, hot chocolate etc. There will also be fresh-baked, marijuana infused pastries. The Reefer Refuge will have a guide with suggestions on how to best combine its marijuana products with coffee drinks from The Java Joint. The Reefer Refuge will actively seek out new products and product variations as they are constantly being invented.

**Rationale:** Marijuana itself is the product experiencing extremely high demand, and there are various consumption methods, including tools, like pipes, and other forms, like marijuana infused edibles, which makeup 20-40% of recreational marijuana sales. (Baca, 2014b) Also, it is necessary to accommodate
customer demand for new products as they are invented. The high quality marijuana products that consumers have access to will go well with items available at The Java Joint because many people enjoy pairing marijuana with other consumables. Some people even think of marijuana as a condiment. Also, marijuana connoisseurs view different strains as people view different wine varietals. “In spite of a down-market image, many consumers think about marijuana in the same way they do fine wine, carefully selecting pot strains for their taste, aroma and other characteristics,” said Jonathan Schoenberg, executive creative director of TDA Advertising & Design, based in Boulder, CO. (McGhee, 2014b)

A relaxing atmosphere is an integral element to The Reefer Refuge, and The Java Joint will encourage customers to enjoy drinks and food while they stay and unwind for a while. The main target audience for The Reefer Refuge is parents. This group of people often desires to use marijuana recreationally like other substances, such as alcohol. However, they are hesitant to consume recreational marijuana in their homes for various reasons, including exposure to their children. The Reefer Refuge provides a relaxing, out-of-home environment where customers can openly enjoy recreational marijuana. In an article from “The Cannabist,” run by the “Denver Post,” one woman described her positive experience in one of these environments, which was a painting class that featured simultaneous marijuana consumption.

“We shared a common [sic] bond of the enjoyment of marijuana and that was making socializing natural. Even though I had just met my classmates, we are
[sic] all talking and connecting as if we’d been friends for ages. There hadn’t been a silent moment yet. People were happily passing bowls, joints or wine and no one was getting out of line, too loud or aggressive.” (Driver, 2014b) Clearly, The Reefer Refuge is filling a market demand for a peaceful, fun, and safe place to consume recreational marijuana.

**Price**

The marketing objective is to achieve a 50% profit within the first five years of business, as calculated on The Reefer Refuge’s Profit and Loss (P and L) statement. To fulfill this objective, The Reefer Refuge will adjust its prices accordingly, taking into account the state regulated excise taxes, consumer demand, and other costs.

**Rationale:** Currently, legal commercial-grade marijuana costs $400 an ounce, according to Aaron Smith, executive director of the National Cannabis Industry Association. This price is “no doubt inflated by limited inventory and pent-up consumer demand that may fade over time.” (Bremner and Del Giudice, 2014)

Thus, some people predict that consumers will be less willing to pay high prices for marijuana. The Reefer Refuge will lower its prices if extremely necessary to stay competitive. However, The Reefer Refuge will sustain its customer base due to its high quality products and relaxing store experience. “To optimize its profits,” The Reefer Refuge has “an incentive to go high-end, specializing in more potent grades, promoting add-ons such as vaporizer refillable cartridges that can be used for pot consumption, and conjuring up new
products...” (Bremner and Del Giudice, 2014) This store will have high quality, novel products, on which its customers rely.

Some parts of the plant, such as buds, and certain products with higher THC content will be more expensive than others at The Reefer Refuge. The marijuana and marijuana infused products will be priced on weight and THC content.

**Rationale:** “Buds, the most highly prized part of the plant, could be given a higher ‘average market rate’” on grower-to-seller transfers as opposed to “trim and leaves — leftovers from processing that can be used to make marijuana-infused products,” which will be taxed at a lower rate. (Ingold, 2014b) Also, “Just as some states differentiate among the alcohol levels of beer, wine, and spirits, you could set a tax based on the amount of THC,” said Beau Kilmer, co-director of the RAND Drug Policy Research Center. (Bremner and Del Giudice, 2014)

What this means is that buds and products with higher THC content will have higher taxes, so The Reefer Refuge will have to charge more for these products to achieve its profit goal.

To stay competitive in this rapidly growing marketplace, The Reefer Refuge will offer rewards through a loyalty card that is part of a frequent customer programs. Coupons will also be offered in limited quantities.

**Rationale:** The Reefer Refuge will primarily rely upon the superior quality of its products and store atmosphere to generate business. That being said, there will be some coupons offered, but not nearly as many as the marketplace is used to seeing them from competitors. Overall, “People will want to pay more for
a quality product,” says Harvard University economist Jeffrey Miron. (Bremner and Del Giudice, 2014)

**Place**

The Reefer Refuge will be located on the 16th Street Mall in the Denver area. The Reefer Refuge has a *conversion license*, which allows it to just sell recreational marijuana to people over 21-years-old. By law, The Reefer Refuge has a nearby “grow” facility. For now, the Reefer Refuge will obtain its fresh-baked pastries and other marijuana infused products from third party providers, such as Denver-based Elixirs and Edibles. In the near future, The Reefer Refuge plans to obtain a license to produce these products in-house. This will streamline the production process and reduce associated costs.

**Rationale:** Denver is the place on which this marketing plan is focused, and the 16th Street Mall is ideal for exposure due to the high level of foot and automobile traffic, including tourists and locals. Here is a picture of the store front and a photo-montage representation of The Reefer Refuge store layout.
The numbers serve as a key that defines various store features:

1. The Java Joint’s fresh-baked, marijuana infused pastries and coffee drinks are listed on the menus mounted on the wall behind this “pair a marijuana” guide, which has suggestions on how to best combine its marijuana products with coffee drinks.

   \[
   \text{Pair-a-Marijuana}\]

   \begin{align*}
   \text{Beverage} & \quad \text{Suggested pairing} \\
   \text{Latte} & \quad \text{Cheeba Cookie} \\
   \text{Cappuccino} & \quad \text{Dope Doughnut} \\
   \text{Hot chocolate} & \quad \text{Mary Jane’s Mousse} \\
   \text{*Flavored or plain coffee—Hot or Iced} & \quad \text{Kush Cake} \\
   \text{Espresso} & \quad \text{Get Baked Brownie} \\
   \text{*Smoothie} & \quad \text{Goes well with a variety of our marijuana strains} \\
   \text{*See menu for list of flavors}
   \end{align*}

2. Miles Jackson plays the role of both barista and "budtender" here at The Reefer Refuge. Miles uses his street knowledge and experience to help each customer make informed purchasing decisions. He makes each interaction personal, because he cares about the people and believes in the product that he
sells. Miles has the ideal attitude, and his personality is integral to The Reefer Refuge's relaxed and personal environment. Miles is always ready to hand out a business card to a prospective customer.

![Miles, Budtender and Barista](image)

3. In addition to the fresh-baked pastries from The Java Joint, these are other marijuana infused products that are mostly gotten from third party providers, such as Denver-based Elixirs and Edibles. Many of these providers are local, and the packaging is often handmade. Also, this display case has other marijuana-related accessories, such as pipes, “bowls,” rolling papers, jewelry, magazines, etc. This is an example of edibles packaging. Note the second example is medical instead of recreational; they look very similar. Examples of jewelry and magazines are also below.
4. This is a display of the marijuana itself. There is a wide variety of different strains. The Reefer Refuge makes sales transactions personal by encouraging customers to smell and inquire about different strains. Each display container has a description of the particular strain, its effects, and what it is recommended for.

5. This is café seating for The Java Joint. The hallway leads back to this lounge that has unique furniture like bean bag chairs and ergonomic seating, on which customers can relax.
Key Fact
The Reefer Refuge is a recently-opened recreational marijuana retail store that sells a new product that was legalized on January 1, 2014. The entire recreational marijuana industry is unfamiliar to consumers who have only legally had access to this product for less than six months.

Primary Marketing Problem
There are some retail stores that have previously sold medical marijuana for a number of years. Consumers are more familiar with these places, and The Reefer Refuge is not “top of mind” in consumer thought processes.

Communication Objective
To raise awareness about and trial of The Reefer Refuge and its unique offerings.

Creative Strategy
Although people of all types are encouraged to visit The Reefer Refuge, our primary target is “busy adults.” These people can be any age. More important than demographics is that all members of the primary target are seeking a place to escape their busy lifestyles. Parents are especially important, for they are likely to seek an alternate environment to consume marijuana instead of at home, where they will expose their children to it.

Principal Competition
The Reefer Refuge competes with all locations where consumers can acquire recreational marijuana, including recreational marijuana retail stores.

Promise/Consumer Benefit
The Reefer Refuge is a relaxing and social environment where you can escape your daily routine.

Reason Why
The Reefer Refuge differentiates itself from other recreational marijuana stores by providing this type of unique environment. It is not just about selling marijuana, for The Reefer Refuge creates an experience for the consumer by incorporating a café and lounge areas where consumers are encouraged to stay a while and relax or socialize with each other as they enjoy their beverages, pastries, and other products. At The Reefer Refuge, it’s about more than just a sales transaction—we value interaction.

**Positioning statement:**

The following perceptual map shows the positioning of The Reefer Refuge as a personal venue with high-quality offerings.

```
<table>
<thead>
<tr>
<th></th>
<th>High Quality</th>
<th>Not Personal</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Reefer Refuge</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal</td>
<td>Low Quality</td>
</tr>
</tbody>
</table>
```

**Promotion**

As stated in other sections of this marketing plan, any marketing of recreational marijuana should be done in a responsible, tasteful manner that abides by local and federal government regulations. If this is the common practice, as it has been thus far, the recreational marijuana market will ideally be
looked upon in a positive light in social and political realms. Image issues will begin to be mitigated, and people will see that this market can be successfully implemented with minimal negative effects on society. What should ultimately follow is legalization in other states, across the U.S., and even in other countries.

**Rationale:** Typically, for consumer goods, there is a wide variety of promotional methods. However, these were limited due to advertising regulations and the controversial nature of this recreational marijuana. Below are examples of promotional tactics for The Reefer Refuge, which were chosen because they provide the best possible exposure. This is essential because The Reefer Refuge and its products are new, so there is not yet widespread knowledge about them. Building a strong brand and creating brand awareness are the main focus of The Reefer Refuge promotions, but there are also direct consumer incentives, such as coupons, which will be placed in publications, like “Westword,” and on websites, like www.cannasaver.com. This website features different types of medical and recreational marijuana discounts. Direct consumer incentives are necessary to capture people’s attention, persuading them to try The Reefer Refuge.

Then, customers will ideally be pleased with The Reefer Refuge, and they will desire to return. This desire will be increased by a loyalty card program, which is part of The Reefer Refuge’s effort to sustain and nurture customer relationships through Customer Relationship Marketing (CRM). Overall, The Reefer Refuge uses direct consumer incentives sparingly, as it majorly relies on its high-quality products and unique atmosphere to generate sales and differentiate
itself in this competitive market. Below is the chosen marketing mix for The Reefer Refuge:

**Direct consumer incentives**

1. Coupons offer reduced prices and free product to customers:

   ![Coupons Image]

   **The Reefer Refugé**
   
   Buy two pastries at The Java Joint & get a free drink of equal or lesser value!
   Good until 4/24/14

2. A loyalty card program will retain customers by giving them an incentive to return:

   ![Loyalty Card Image]

   **The Reefer Refugé**
   
   Make ten purchases of $50 or more & get 25% off your next purchase!

3. The Reefer Refugé will hold monthly contests with prizes to sustain customer engagement. These will be live events. For example, on April
20, 2014, all customers of The Reefer Refuge are invited to watch a joint-rolling contest at 8 PM!

Advertising tactics

1. Online advertisements, including page takeovers and other display advertisements, will be featured on websites that the customer base would likely frequent. Here, the examples are “The Cannabist” website and the “Marijuana” section of the “Denver Post” website:
2. Print advertisements will be featured in marijuana-related publications, like “High-Times” and “The Daily Doobie” magazines. In the future, if advertising regulations are relaxed, these print advertisements could also be turned into billboards and run in additional publications.
Love yourself.

Put your feet up and relax.
Make your free time into Me-time.

Indulge yourself.
Keep calm and take a break.

Let us take you to paradise.
Event marketing
This will take place at places like the Denver County Fair, which will be featuring cannabis-themed contests for the first time in summer 2014.

(“Marijuana Contest,” 2014)

Public relations
As it is in the best interest of The Reefer Refuge to build a positive reputation, it will seek out coverage in the media. One example is a store visit and strain review, which are regularly conducted by “The Cannabist,” which is run by the “Denver Post.”

Miscellaneous & Merchandising
1. The Reefer Refuge will offer a line of hemp items, including bags, T-shirts, and other accessories. These limited-edition bags and T-shirts will feature The Reefer Refuge logo and its signature prints.
2. One type of packaging for the marijuana buds will be a “pop-top” container (seen in the example below); these containers are the best option for preserving recreational marijuana buds. They are also opaque, child-resistant, and clearly-labeled to fulfill the packaging requirements set forth by the Department of Revenue. Each container will have the name and a description of the recreational marijuana strain; these are covered by the hand in the example photo.
3. There will be various other items, like key chains, buttons, pens, and mints that also have The Reefer Refuge logo on them.
4. This is an in-store brochure that briefly explains what one should expect from The Reefer Refuge.

Welcome to The Reefer Refuge. Whether it’s your responsibilities at home, at work, or just when life gets a little too busy, this is a place where you can truly enjoy yourself in a safe and relaxing environment. Take some time to relax in our comfortable, ergonomic chairs, mingle with other guests, try a specialty beverage and dessert from The Java Joint, or do all three. Whatever you do, indulge yourself and be free.

Follow us on our social media outlets (listed on back) & make sure to “reefer” us to your friends!
5. The Reefer Refuge will create an online presence through a variety of social media outlets, including Facebook, Twitter, Youtube, Instagram, Storify, and others. Social media will allow us to interact with our consumers, responding to their questions and any other type of commentary.

Facebook
6. The Reefer Refuge’s main website (www.reeferrefuge.com) will reflect its brand image and serve as an information outlet for prospective customers.
Welcome to The Reefer Refuge. Whether it’s your responsibilities at home, at work, or just when life gets a little too busy, this is a place where you can truly enjoy yourself in a safe and relaxing environment. Take some time to relax in our comfortable, ergonomic chairs, mingle with other guests, try a specialty beverage and dessert from The Java Joint, or do all three. Whatever you do, indulge yourself and be free.

Follow us on our social media outlets & make sure to “reefer” us to your friends!
Chapter 12: Short and Long Term Projections

The goal in writing these short and long-term projections was to keep them simple. In the short-term, recreational marijuana stores will continue to reap the profitable benefits of an insatiable consumer demand for this product. These consumers will continue to pay “sky high” prices. Also, regulation of the recreational marijuana industry will continue to function at a high level; for example advertising regulations will continue to be strict in the short term. The reason for this is that recreational marijuana has yet to gain social and political acceptance, and it is still illegal in the majority of states and at the federal level.

Some think consumer demand will eventually diminish in the long-term, and the price of recreational marijuana will eventually drop. Even if consumer demand does not decrease, competition will as more recreational marijuana stores enter the market in the years to come, so prices will likely go down anyway. As industry best practices are found and problems solved, it will become clear that this industry can operate responsibly, profitably, and smoothly as it even exercises self-regulation in many instances. People will begin to see reality and benefits of this new “marijuana economy,” and social acceptance will increase. Consequently, many people will be less hesitant to try recreational marijuana, and the high consumer demand will be sustained or even grow larger. Political acceptance will also increase as the strict regulations are relaxed (because of the industry’s regulatory success), and ideally, legalization, which echoes the overall marketing goal, will occur in more states and at a federal level.
Chapter 13: Conclusion

Marijuana legalization is a cause that unites a diverse group of people, ranging from industry trade groups to individual activists. The passion of these people is described throughout this report; it is what fuels their movement and what has sparked continual motivation over the past many decades. This research suggests that supporters of marijuana legalization will continue to make their voices heard in a responsible yet effective manner. While legalization in other states or nationally may seem a daunting task or a reality far in the future, progress is being made each day. The passing of Amendment 64 in Colorado on November 6, 2012 was a landmark victory. It was the first of its kind, but it the examination of current momentum suggests that it will not be the last.

Every action and achievement has an impact, and the marketing of recreational marijuana, in particular, plays an important role in fostering the social and political acceptance that will lead to national legalization. The key to the legalization issue is responsible regulation and industry compliance, which has thus far been the rule rather than the exception. This indicates a bright outlook for the recreational marijuana industry, which will no doubt continue to be successful in terms of profit and regulation.

The majority of this marketing plan was written from a nonbiased perspective driven by research, but my actual opinion of the recreational marijuana industry is a positive one; the reasons for this are many. Part of what influences my high hopes for this industry are the inimitable experiences I had while fully immersed in it when conducting my primary research in Denver. I
directly interacted with a wide array of industry players and stakeholders. Granted, these people exposed me to a variety of opinions, both positive and negative, but what transcended these separate opinions was the sense of community and surroundings that I acquired. I felt like I truly understood the social and political context in which this new industry was being implemented. I also grasped the “in’s” and “out’s” of the industry itself on a deep level.

The majority of what I learned has been incorporated into this report, but at the core of my research lie five main findings. First, recreational marijuana has an image problem due to its controversial nature and negative connotations; it will take time for recreational marijuana to gain the same type of social and political acceptance as other vice products and consumer goods. Second, to fix this image problem, recreational marijuana must be “seamlessly integrated” into Colorado society (and other places), meaning that it has minimal, if any, negative social consequences. Many people are wary of recreational marijuana, which they think will disrupt and change society for the worse. Third, compliance and transparency within the industry is the key to achieving this “seamless integration” that will ideally lead to national legalization. The majority of players in the industry want to do things right and aim for self-regulation. Fourth, there is a divide between those who want to preserve community standards and those who want to maintain their individual rights; in Denver, rule makers are striving to strike a balance between both groups. Fifth, as similar as the medical and recreational marijuana industries are, there is a fundamental difference, which is that the recreational marijuana industry is profit driven. This industry has already become much larger
than the medical marijuana industry, and it will continue to grow as it becomes more established.

This growth in the recreational marijuana industry will continue to provide jobs and other lucrative opportunities as more retail stores open and creative growth yields new products and businesses. Retail stores will remain the driving force of the recreational marijuana industry. As seen from the above sections of this report, owning and operating a recreational marijuana retail store is a complicated venture that calls for extensive resources, namely time and money. These factors make owning a recreational marijuana retail store naturally more risky than another type of retail store. Right now, retail store owners are essentially experimenting, since this has never before been done; they may or may not be successful, though recent events indicate the former. However, it is not necessary to simply wait for time to pass to see what will happen. I recommend follow-up research, which is proposed in Appendix II. It can be conducted to answer the important question of how to be successful in this new industry and to establish industry best practices. The Findings from this research proposal (and other follow-up research) will be valuable to retail store owners as competition will inevitably increase in the near future.

This marketing plan has described several aspects of this new industry in great detail, creating a context that helps the reader make sense of this industry’s history and future. Woven into this background are marketing recommendations and examples that have been fleshed out. Together, these elements comprise “the
right execution” and make a “seamless integration” of the recreational marijuana industry into Denver’s existing society more viable.
References


Appendix I: Event Timeline

- **Proposition AA gains much attention.** Proposition AA imposes an excise tax on recreational marijuana. Amendment 64 calls for such a tax to fund public schools. As a ballot issue Colorado voters will decide on in November, Proposition AA “asks voters to approve the imposition of a 15 percent state excise tax on wholesale marijuana and a 10 percent state sales tax on retail marijuana and retail marijuana products.” This “sin tax” does not apply to medical marijuana—only to those who sell and use recreational marijuana. The fifteen percent excise tax will fund public schools, and the ten percent sales tax will go toward elements of the state regulatory system, like computer programs. http://www.denverpost.com/news/ci_24273679/colorado-editorial-roundup


- **Activist arrested for public consumption of marijuana.** On September 27, Robert Corry, a well-known marijuana attorney in Colorado, was arrested for smoking a joint at a Colorado Rockies game; he refused to give it up to the police. Corry sponsored the free joint giveaways in Denver and Boulder, CO earlier in September as were part of the No Over Taxation campaign against Proposition AA. http://www.denverpost.com/marijuana/ci_24191293/colorado-pot-activist-arrested-public-use

- **The “Denver Post” condemns the public consumption of marijuana.** On September 30, an opinion piece by The Denver Post Editorial Board reminded readers that public consumption of marijuana is illegal, and is not the right thing in family destinations.
Colorado began accepting applications for retail marijuana store licenses on October 1. The application fees are up to $5,000, and the operating licenses will cost anywhere from $2,750 to $14,000.

On October 2, Colorado’s Governor John Hickenlooper writes a letter to the government asking for banking services. Currently, marijuana retail stores aren’t permitted access to banking services, which means they can only accept cash. This could cause many safety issues, such as robbery. Also, a banking system is necessary to keep the new marijuana industry highly regulated.

Protests of Proposition AA continue. On October 2, Governor Hickenlooper was a Proposition AA fundraiser, where protestors gave out free joints.

Colorado tourist towns embracing recreational marijuana sales. “Colorado's live-and-let-live mountain resort towns, including Telluride, Aspen, Crested Butte, Breckenridge and Steamboat Springs, are jumping on the opportunities opened up by Amendment 64 and are ready to add recreational marijuana outlets to the ski-town attractions of moguls and double-blacks.”

Four more states in the West consider legalizing recreational marijuana. Namely: California, Oregon, Arizona, and Alaska.


Denver City Council has to consider new ordinance. This ordinance is meant to minimize the effects of marijuana consumption on Denver’s citizens. It will “specifically ban marijuana from parks and the 16th Street Mall. It also would prohibit smoking on private property if it is visible to the public, such as on a front porch or in a car, or if the odor of pot could be detected from a neighboring property…If the ordinance is approved by council and signed by the mayor, it would take effect immediately. Offenders could face a fine of $999 and up to a year in jail.”
http://www.denverpost.com/breakingnews/ci_24284316/denver-floats-new-rules-that-could-make-even

- **Regulatory system for recreational marijuana industry is two-fold.**
  First, there is an inventory tracking system, known as MITS, that records the weight of marijuana buds. Second, there is a sales tracking system to record individual sales at each recreational marijuana shop.

- **Denver City Council meets to discuss Amendment 64 on October 14.**
  On the agenda was a discussion of retail marijuana license applications and the proposed ordinance that puts stricter rules on marijuana consumption.
  http://www.denvergov.org/sirepub/mtgviewer.aspx?meetid=1731&doctype=SUMMARY No decision was made about the proposed ordinance.

- **Washington state finalizes rules for recreational marijuana industry on October 16.**

- **The rules in Washington and Colorado have a couple major differences.**
  “The legal marijuana industries in Washington and Colorado will differ in some big ways. Washington is taxing pot highly and capping total production in the state at 80 metric tons. Colorado voters are considering whether to tax it at a much lower rate, with no limit on total production. Washington bars home-growing; Colorado allows up to six plants at home. Colorado will allow stores to sell both recreational and medical marijuana; in Washington, where medical marijuana is not regulated, recreational pot stores can't double as medical dispensaries.”

- **Boulder County will begin accepting recreational marijuana licenses on December 9.**

- **New Gallup poll shows that, for the first time, the majority of Americans (58%) say marijuana should be legalized.**
  This statistic has significant implications for marijuana, for “whatever the reasons for Americans' greater acceptance of marijuana, it is likely that this momentum will spur further legalization efforts across the United States.”

- **Visitors from Mexico, Canada, and Uruguay a three day marijuana facilities in Colorado.**
• Denver hosts the International Drug Policy Reform Conference on October 23-26, http://www.reformconference.org/about-conference
• Medical marijuana is not as bad as some believe it to be; it has actually had many positive effects in California. http://www.nytimes.com/2013/10/27/us/few-problems-with-cannabis-for-california.html?ref=todayspaper&_r=1&
• “Marijuana refugees” are coming to Denver. Many people are coming to Colorado to take advantage of marijuana’s medical use, namely in relieving epilepsy symptoms; they call themselves “marijuana refugees.” http://www.denverpost.com/marijuana/ci_24397402/colorados-new-pot-laws-draw-marijuana-refugees
• The Daily Orange, Syracuse University’s student newspaper, publishes an article on the growing support for marijuana legalization as indicated by the new Gallup poll. “The poll said it was clear there is popular support for legalization among people in the survey ages 18-64, but especially among younger people. Sixty-seven percent of 18- to 29-year-olds affirmed their support while 62 percent of people ages 30-49 approve of the legalization of marijuana.” http://dailyorange.com/2013/10/marijuana-approval-sees-increase-in-poll/?utm_source=rss&utm_medium=rss&utm_campaign=marijuana-approval-sees-increase-in-poll
• The proposed ordinance discussed on October 14 is revised. The new draft “will allow people to smoke in their backyards, would let them possess marijuana in parks and on the 16th Street Mall, and would make violations petty offenses that carry a maximum $100 fine and/or 24 hours of community service.” The Denver City Council will discuss this ordinance on Monday, November 4. http://www.denverpost.com/breakingnews/ci_24412660/denver-scales-back-proposed-pot-rules-would-allow
• The Daily Orange, Syracuse University’s student newspaper, published an opinion piece entitled “NY should legalize marijuana following significant increase in US support.” http://www.dailyorange.com/2013/10/ny-should-legalize-marijuana-following-unprecedented-support-from-americans/
• Ski Slopes in Colorado reach differently to skiers consuming marijuana. Some locations are more lax than others. http://www.denverpost.com/breakingnews/ci_24420837/colorado-ski-slopes-differ-marijuana-tolerance
• On Tuesday, November 5th, Coloradoans will vote on Proposition AA taxes. http://www.denverpost.com/marijuana/ci_24431643/colorado-voters-deciding-how-tax-pot

• Marijuana taxes are significant more than alcohol and other sin taxes in Colorado. http://www.denverpost.com/marijuana/ci_24431941/how-pot-taxes-stack-up-other-sin-taxes

• There are 100+ recreational marijuana shops scheduled to open in Colorado. “Colorado has 517 medical-marijuana dispensaries, 138 medical-marijuana-infused products businesses and 736 medical-marijuana-cultivation facilities, according to the Marijuana Enforcement Division.” http://www.denverpost.com/marijuana/ci_24439065/more-than-100-recreational-marijuana-shops-line-open

• Washington D.C. shows signs of marijuana decriminalization. “The D.C. Council is poised to approve a bill that would decriminalize possession of small amounts of pot, and Democratic Mayor Vincent Gray announced last month that he supports it. He could sign the bill into law as early as January…Some activists want the city to go further by legalizing, taxing and regulating marijuana as Colorado and Washington state do, and they're considering a ballot initiative if the council doesn't take that step.” http://www.denverpost.com/marijuana/ci_24441206/dc-fast-track-decriminalizing-pot-possession

• Proposition AA would generate taxes that could be spent in many ways. “According to the state’s voter guide, Proposition AA's sales tax is expected to generate close to $40 million a year, of which about $6 million would be shared with local governments.” http://www.denverpost.com/marijuana/ci_24447584/marijuana-tax-windfall-from-proposition-aa-unclear-colorado

• The Denver City Council met to discuss the proposed ordinance on November 4. The current version will be revised in another draft for next Tuesday. The main revisions include: “Criminal vs. civil violations; Whether to include the downtown central business district or only the 16th Street Mall banning "display and distribution" of pot; Retaining current ordinance language around private property or exclude violations related to public consumption of pot on private property; Addressing "smell" or "odor" emanating from private property.” http://www.denverpost.com/breakingnews/ci_24453645/denver-continue-tweaks-public-pot-consumption-law

• On Tuesday, November 5, Coloradoans are to vote on Proposition AA. “Regardless of the outcome, retail pot stores opening Jan. 1 will still be subjected to a 2.9 percent sales tax to fund marijuana regulation.”
Proposition AA passes with 65 percent of Coloradoans in favor. “The measure, Proposition AA, implements a 15 percent pot excise tax plus a 10 percent sales tax—taxes that are estimated to bring in $70 million a year. The taxes are in addition to a 2.9 percent sales tax that pot stores will be subjected to for marijuana regulation. Sales of recreational marijuana become legal in Colorado on Jan. 1.”

In various states, lawyers’ ethics are questioned in giving advice regarding marijuana use. “And in Colorado, the Supreme Court’s Office of Attorney Regulation Counsel advised that lawyers who complied with the medical marijuana law in personally using cannabis would not run afoul of ethics rules.”

Denver citizens voted a 3.5% citywide sales tax on recreational marijuana. This tax is in addition to those under Proposition AA.

Industrial hemp farming could become a legal reality in Colorado. The state Department of Agriculture will review a set of proposed rules in the near future.

Two children eat cookies containing marijuana and are taken to a hospital.

Marijuana use increases in schools. Kids view marijuana as a safe and acceptable substance because of legalization and increased social acceptance.

First public hearing for retail marijuana shop is held on November 12. These hearings are required for a retail marijuana shop license.
• **Progress is made on proposed ordinance on November 12.** Ultimately, “consumption is illegal everywhere unless on private property that you own, lease or rent or have been given approval to consume by the owner.”

• **Boulder wants to speed up retail marijuana shop application process.**

• **How does implementing Denver’s sales tax affect the price of marijuana?**

• **At home hash oil production causes house to explode.**

• **The “Denver Post” is going to appoint an editor for marijuana stories.**
This newspaper has been the main source for this chapter.
http://blogs.denverpost.com/editors/2013/11/20/yes-we-will-have-a-pot-editor/1378/

• **Denver City Council still debating rules for recreational marijuana consumption.** “The City Council continues to wrestle with where to draw the line on marijuana consumption when it comes to private property.”
The Council will meet on Monday to discuss and vote on these rules.
http://www.denverpost.com/marijuana/ci_24567879/front-yard-or-not-denver-city-council-wrestles

• **On November 21, the Drug Enforcement Administration raided marijuana dispensaries in Denver.** It is unknown which dispensaries were raided or on exactly what grounds.

• **Update: the raided places are allegedly linked to Cuban and Colombian drug cartels.**

• **On November 25, the Denver City Council voted in favor of a provision that bans smoking marijuana on front porches.**
• On November 26, The “Denver Post” received more information that the raided dispensaries are linked to drug cartels.  

• THC is the most well-known aspect of marijuana, but there is much more to it.  

• “To curtail youth access to legal marijuana, state officials want to use minors in pot-buying stings next year when stores are expected to open.”  

• A professor and her students are developing a way to test for contaminants, such as mold and pesticides, on marijuana plants to improve quality control.  

• The front porch provision returns for debate at the Denver City Council meeting on December 2.  
http://www.denverpost.com/marijuana/ci_24635363/denver-council-make-final-vote-ban-pot-smoking

• On December 2, the Denver City council rejected the provision that smoking pot is not allowed on front porches.  

• U.S. Border Patrol agents have seized nearly $160,000 worth of marijuana in two separate drug busts over the holiday weekend in southern New Mexico.  

• The Denver City Council will allow “up to six marijuana plants per person for recreational use to be grown in a home but set a maximum of 12 plants per dwelling unit.”  

• As of December 4, Nearly 100 Colorado medical-marijuana businesses are operating without a finalized state license, the remnants of a bureaucratic backlog now stretching back more than three years.  
• Ashley Kilroy becomes director of marijuana policy in Denver.
marijuana-director

• On January 1, recreational pot stores open in Denver. “In all, about
  $1 million in business was done at about 35 pot shops on the first day
  of marijuana's legalization in Colorado.”
  http://www.cnn.com/2014/01/04/us/colorado-marijuana-legalization-
store/index.html?c=homepage-t&page=4

• Many are concerned about athletes smoking pot.
  http://www.denverpost.com/hochman/ci_24830666/hochman-marijuana-
stigma-needs-go-up-smoke-athletes

• Recreational marijuana sales are so abundant that dispensaries are
  wary of low supply, and they have further limited the amount
  customers can buy.
  http://www.denverpost.com/news/ci_24861542/some-denver-marijuana-
shops-worried-about-low-supplies

• Toronto’s mayor advocates pot decriminalization.
  http://www.denverpost.com/ci_24877959/toronto-mayor-asks-about-pot-
decriminalization

• “The Denver City Council wants marijuana businesses in Colorado to
  be granted access to federal banking institutions now that the drug is
  legal for commerce.”
  http://www.denverpost.com/news/ci_24857574/denver-pushes-banking-
access-pot-industry

• Customers can use certain credit cards to buy recreational marijuana
  at retail stores.
  http://www.denverpost.com/business/ci_24868671/marijuana-business-
like-most-others-now-accepts-credit

• “State health officials want to offer $7.1 million in research grants to
  scrutinize growing claims about medically beneficial properties of
  marijuana and its derivatives.”
  http://www.denverpost.com/news/ci_24888054/colorado-officials-want-
grant-7-million-medical-pot

• “Colorado plans to advertise the dangers of stoned driving and train
  more police officers in spotting drivers impaired by marijuana with a
  new $400,000 federal grant.”
  http://www.denverpost.com/news/ci_24900587/colo-wins-federal-grant-
prevent-stoned-driving


• “Amnesty boxes are going up at the Colorado Springs airport for those who didn't realize that it's illegal to carry pot on a plane.” http://www.denverpost.com/ci_24915733/pot-amnesty-boxes-going-up-at-colorado-airport


• Some homeowner associations are entertaining the idea of banning marijuana use. http://www.thecannabist.co/2014/01/14/hoas-pot-use-cultivation-likely-volatile-mix/2533/

• Two medical marijuana dispensaries have applied for licenses to open retail stores on Denver’s 16th Street Mall. http://www.thecannabist.co/2014/01/15/two-retail-marijuana-stores-proposed-denvers-16th-street-mall/2621/

• “A one-month supply of marijuana edibles, gone in the first three days of January — that's what the area's largest supplier is saying about the incredible demand for the product since recreational sales were legalized in Colorado on Jan. 1.” http://www.denverpost.com/news/ci_24924791/edible-marijuana-sales-shattering-sales-projections-colorado

• “A bill to allow the use of marijuana for medical purposes in Pennsylvania will be the subject of a legislative hearing this month, the chairman of a state Senate committee announced Thursday.” http://www.denverpost.com/ci_24927430/pa-senate-plans-hearing-medical-marijuana-bill

• On January 16, Ashley Kilroy said the legalization of recreational marijuana in Denver has gone well. http://www.denverpost.com/ci_24925946/denvers-marijuana-czar-ashley-kilroy-talks-about-rollout

• Improvements, such as more thorough inspections, are being made to the regulation of the medical marijuana industry in Denver.

- **President Obama says marijuana is no more dangerous than alcohol.**
  http://www.denverpost.com/ci_24945984/obama-pot-is-not-more-dangerous-than-alcohol

- **“Advanced Cannabis Solutions, whose stock has soared 466 percent this year, has obtained as much as $30 million in credit to help acquire properties that it will lease to marijuana growers.”**

- **“The owners and operators of Paymon's Mini Market in Aurora were accused by the Colorado attorney general on Tuesday of selling synthetic marijuana, known as "spice," which is illegal in Colorado.”**

- **“In a warehouse district of northeast Denver, right next to a post office, the Williams family is building the Costco of weed.”**

- **“The legal-marijuana industry in the United States could mint multiple billionaires in the next decade, a Colorado cannabis business mogul predicted Tuesday.”**
  http://www.denverpost.com/breakingnews/ci_24167571/marijuana-next-great-american-industry-investor-group-says

- **“It’s one thing if a media-savvy entrepreneur stages a news conference inviting the President of the United States on his Colorado marijuana tour bus. But it’s something else entirely when a member of congress invites the President (and Senate Majority Leader Harry Reid) to Colorado ‘to visit a legal dispensary and grow operation to see how the law is being implemented in the state.’”**
  http://www.thecannabist.co/2014/01/23/jared-polis-president-obama-harry-reid-colorado-marijuana-tour/3123/

- **“MONTROSE, Colo.—Police say two students at Olathe (oh-LAY'-thuh) High School have been taken to a hospital after eating marijuana-infused edibles and another student is under investigation.”**
  http://www.denverpost.com/marijuana/ci_24983377/students-treated-after-ingesting-marijuana-edibles
• “Attorney General Eric Holder says the Obama administration is planning to roll out regulations soon that would allow banks to do business with legal marijuana sellers.”
  http://www.denverpost.com/nationworld/ci_24981356/eric-holder-marijuana-banking-regulations-way

• “Coloradans who live in the nearly 300 federally subsidized housing projects in the state are blocked by federal regulations from using marijuana in their homes in spite of state legalization — but that could be changing at some point.”

• “ASPEN — Federal officials say they are in uncharted territory after agents with the Transportation Security Administration found 36 ounces of marijuana-infused edibles in a traveler's luggage at the Aspen airport.”

• “Restrictive federal banking regulations that have forced most legal marijuana dispensaries to run as cash-only businesses have opened the door to another enterprise — automated teller machines...”
  http://www.denverpost.com/marijuana/ci_24989802/atms-or-near-pot-shops-called-disaster-waiting

• The Marijuana Policy Project is putting up billboards around the Super Bowl stadium.

• “Hemp — marijuana's non-intoxicating cousin that's used to make everything from clothing to cooking oil — could soon be cultivated in 10 states — including Colorado — under a federal farm bill agreement reached late Monday.”

• “The Washington City Council passed a measure on Tuesday that would move the District of Columbia one step closer to decriminalizing marijuana in most cases.”
  http://politicaltickerblogs.cnn.com/2014/02/04/d-c-takes-step-toward-legalizing-pot-for-private-use/?hpt=us_t3

• “An allegedly stoned driver drove into two Colorado State Patrol vehicles as troopers were investigating a crash on the ramp to Interstate 76 from I-25 on Saturday evening.”

- “Medical marijuana has been a non-starter in recent years in the Deep South, where many Republican lawmakers feared it could lead to widespread drug use and social ills. That now appears to be changing, with proposals to allow a form of medical marijuana gaining momentum in a handful of Southern states. Twenty states and the District of Columbia have legalized medical marijuana.”

- “The publisher of marijuana magazine High Times has sued the state of Colorado in federal court over the state's rules preventing recreational cannabis businesses from advertising in most publications.”

- “More than half of Coloradans say marijuana legalization has been bad for the state’s image, even though a majority also continues to support the new laws, according to a poll released Monday. Fifty-one percent of Coloradans surveyed for a Quinnipiac University poll said they thought legalization has been bad for Colorado's image. However, 58 percent of people said they continue to support marijuana legalization.”

- “Colorado lawmakers are set to vote Thursday on whether greenhouses that grow marijuana should be treated as agricultural property for tax purposes. The vote in the Senate Finance Committee is focusing on whether pot farmers should have access to the kinds of tax advantages given to conventional farmers.”
  http://www.denverpost.com/marijuana/ci_25130378/farm-tax-rates-pot-up-colorado-vote

- “US drug policy fuels push for legal pot worldwide.”

- “Banks given the go-ahead on working with marijuana businesses.”

- In February, 25 Colorado state troopers took an intensive, nine day course on “how to recognize and prosecute drivers under the influence of marijuana.”

- “Colorado's police chiefs are asking the state for more money to pay for marijuana enforcement, saying they are ‘disappointed’ in Gov. John Hickenlooper's plan for how to spend marijuana tax revenue.”
• “Colorado is launching a new "Drive High, Get A DUI" campaign to remind drivers that newly legal marijuana should be treated like alcohol and not used before driving.”
  http://www.denverpost.com/marijuana/ci_25286406/colorado-launches-campaign-stop-stoned-driving

• “CNN’s Sanjay Gupta toured Colorado's medical marijuana outlets in a documentary last summer, ‘Weed,’…He touched a nerve. Now CNN and Gupta are back, with "Weed2," tracking "medical marijuana refugees" to Colorado.”

• “Colorado collected slightly more than $2 million in taxes on the sale of recreational marijuana in the month of January, according to new figures released by the state Monday.”

• “Authorities say three people trying to make marijuana hash oil caused an explosion that damaged their Denver duplex and left one of them injured.”

• “Colorado's lawyers now have the state's permission to work with marijuana businesses, after the Colorado Supreme Court approved a rule change Monday that eliminates the threat of ethics sanctions.”

• “Anywhere from a few dozen to more than 10,000 people could be eligible to have their old marijuana convictions overturned as the result of a landmark Colorado Court of Appeals ruling that applied marijuana legalization retroactively.”

• “Parents of Utah children with severe epilepsy are cheering a new state law that allows them to obtain a marijuana extract they say helps with seizures, but procuring it involves navigating a thorny set of state and federal laws.”
“The state agency overseeing Colorado's historic experiment in marijuana legalization is adding enforcement agents, data analysis and undercover operatives — steps officials say will help them better hold businesses accountable.”
Appendix II: Follow-up Research Proposal

Introduction: There are sundry strains of marijuana that exist, but no one specific brand. Rather, this plant is at the root of a budding economy that is expected to fully bloom in 2014. More specifically, the date of January 1, 2014 marks the legalization of recreational marijuana consumption in Denver, Colorado. Washington state has also legalized marijuana for recreational use, but this research proposal will focus on Denver where continuous development is happening as January 1 is soon on the horizon. Also, there is a dynamic market for medical marijuana that is well established in Denver (and other places), but this research proposal will focus on recreational marijuana. For the reader’s convenience, here is a map of the current state of marijuana legalization within the U.S. (Source: http://www.governing.com/gov-data/state-marijuana-laws-map-
The legalization of recreational marijuana in Denver involves an exorbitant amount of logistics in the form of rules set forth on the state level by the Marijuana Enforcement Division (MED) within the Colorado Department of Revenue. Each local government body is responsible for implementing these rules; in Denver, the City Council has been discussing enforcement on a weekly basis. These rules cover everything ranging from retail store licenses to product packaging and they are so comprehensive because there is no preexisting model. Colorado is the first place in the world to ever do something like this.

Many of the regulations set forth by the MED and the Denver City Council focus on the requirements for obtaining recreational marijuana. Citizens can either grow up to 12 plants themselves, or they can obtain it from a retail shop. Only existing medical marijuana dispensaries (the establishments where Colorado citizens with a prescriptive “red card” can currently obtain medical marijuana) can apply to become recreational marijuana retail shops until July 2014. The application process takes about six to eight weeks and costs $5,000. There are three types of licenses to apply for: conversion allows for just a retail store; co-location allows for medical and retail with separate entrances and a wall (for places that want to sell to people under 21); and co-terminus allows for medical and recreational without a wall but only selling to people over 21. Clearly, becoming a recreational marijuana store is time-consuming and requires a lot of effort. It is also expensive, and most people in the industry right now aren’t making much money; they are simply passionate and want to see marijuana become legalized.

“Doing things right” is something that the majority of the players in this new industry want to accomplish. Recently, the federal government raided a few medical marijuana dispensaries in Denver that were linked to Cuban and Colombian drug cartels. Many professionals in the industry were glad to see the “bad actors” eliminated. The key to industry success is regulation, which makes for a safer product and lessens the opportunities for a black market. There is still a lot left to figure out, and people differ on the amount of time it will take
for all the kinks to be worked out in the recreational marijuana industry; some think it will take five, and some think ten years or more. Only one thing is for sure, which is that January 1, 2014 will be the only true indicator of what this industry will be like. Right now, the majority of literature is speculation. Granted, the medical marijuana and alcohol business models have been consulted as predictors of what recreational marijuana will be like, but nothing is certain until next year.

Because this landscape is unsure and reactive (as opposed to proactive) on many fronts, there are obvious risks associated with becoming a recreational marijuana retail shop. These risks involve money and other factors, placing a greater importance on business success and profit margins. Following the natural stages of economics, “big and small players” will emerge; actually, this is already how a large sector of the medical marijuana industry is. Dispensaries not only vary in size, but also quality. Similar to how there are liquor stores and specialty vineyards in the alcohol industry, dispensaries range from low-quality marijuana to high-quality product that is an indicator of connoisseur dispensaries, like the Mile High Green Cross. Despite this variance, there will be in types of recreational marijuana retail stores, all of these stores will most likely be looking to make a profit. The question, then, is how to be successful in this new industry?

Since 2009, the medical marijuana industry has been flourishing, and dispensaries have gotten to know the clientele and conventional business practices. The past four years have given dispensaries ample opportunities to form unique business strategies that have lead to success in many cases, such as that of the Mile High Green Cross. There are some fundamental elements that contribute to every business’s success, known as the four P’s: price, product, place, and promotion. It is essential to get these right, and those who do usually experience profit. Still, nobody knows what exactly the recreational marijuana industry will bring, and this uncertainty levels the playing field a bit. Some think that brand will be the main differentiator and others believe the most important factor will be purely product.
**Research problem:** Because of the high risks associated with becoming a recreational marijuana retail shop, it is imperative that these retail shops are successful in this new industry, but how exactly will they do this? The novel and unsure nature of the business model for recreational marijuana yield many “gray areas,” and there are no clear industry “best practices.”

**Problem definition:** Research is needed to help retail marijuana store owners understand how to generate adequate profit by implementing elements of successful businesses. Research is needed to identify these elements or industry “best practices,” which are currently unknown. The research will evaluate: what store layout is most effective, what services customers prefer in an ideal marijuana store, i.e. knowledgeable staff, and what products should be sold (in terms of marijuana itself and other merchandise, i.e. edibles.) This research will be utilized by individual stores to impact their expenses and bottom line profit, so it will generate essential, vital, and realistic information that can be applied in a timely manner as this industry begins. Without this information, retail marijuana stores are essentially devoid of any guidance in this new industry, rendering them much more prone to losing money or having larger business failures.

**Research objectives:** The overall objective is to “identify [recreational marijuana] industry “best practices,” which are currently unknown.” This has been broken into the following sub-objectives:

- **Objective 1:** To find out what store layout is most effective.
- **Objective 2:** To find out what services customers prefer in an ideal marijuana store, i.e. knowledgeable staff.
- **Objective 3:** To find out what products should be sold (in terms of marijuana itself and other merchandise, i.e. edibles)

**Qualitative research:**

**Method:** In-depth or personal interviews. Although this method can be more expensive, the nature of this research justifies the expense. To clarify, this research will be used to determine how recreational marijuana stores can achieve business success and higher profits. Therefore, the short-term expense of in-depth or personal interviews may be higher, but it will yield long term benefits. This
This research method could actually be used for all of the research objectives as they all call for some degree of direct interaction with medical marijuana dispensary owners, employees, patients, and future recreational marijuana patients (existing medical marijuana patients and the general public.) These objectives require information that is comprehensive and uninfluenced because of the important nature of the research problem and definition. The findings from this research will be utilized by individual recreational marijuana stores and will therefore affect them in terms of resource availability. These resources include money, time, and other factors that are valuable and should not be wasted in any way, making it necessary to acquire the most accurate and thorough information possible, and in-depth or personal interviews are the best way to do this.

**Unit of analysis, population, and sampling:** These factors will vary according to the objective as elaborated upon below:
- Objective 1: The unit of analysis for this objective is store layout, meaning the arrangement of physical objects, like furniture, and other entities in medical marijuana dispensaries. The population for this objective is all medical marijuana dispensaries in Denver, and the sample will be randomly selected (possibly using a random digits table) from a list of all medical marijuana dispensaries in Denver. This list will be retrieved from the Denver City Hall building for a nominal fee as it is public information. Also, for the reader’s reference, here is a map of the medical marijuana dispensaries in Denver as provided by the “Denver Post.” (A Map of Colorado’s Medical-marijuana Dispensaries)

- Objective 2: The unit of analysis for this objective is services that customers enjoy. There are many potential services, like knowledgeable staff or personalization, which can be offered by a medical marijuana dispensary or recreational marijuana store. The population for this
Objective is all citizens of Denver over 21 (because all citizens over 21 will be eligible to buy recreational marijuana on January 1). The sample will be randomly selected from a list of medical marijuana patients and a list of Denver citizens over 21. The patient list will be obtained from willing dispensaries or the state of Colorado’s database, and the citizen list will be obtained from the Denver City Hall building.

- Objective 3: The unit of analysis for this objective is not only products that are currently sold in medical marijuana dispensaries, but also products that are not necessarily sold right now because they are new or emerging inventions and technology. The population for this objective is not only all industry professionals (including medical marijuana dispensary owners, employees, growers, inventors, etc.), but also future customers (including existing medical marijuana patients and all citizens of Denver over 21.)

The sample will be randomly selected from a list of medical marijuana patients and a list of Denver citizens over 21. For industry professionals, the sample will be selected via “snowballing,” which will inevitably lead to insightful, expert contacts. For future customers, the patient list will be obtained from willing dispensaries or the state of Colorado’s database, and the citizen list will be obtained from the Denver City Hall building.

Procedure: The general procedure for in-depth or personal interviews for all research objectives will “take between 30 and 60 minutes and consists of a private, face-to-face conversation” and the samples will be “between 5 and 15 respondents.” (Davis 121) Although there will be a base set of questions to ask all respondents for all objectives, the questions asked will vary slightly according to the research objective because certain question types are better suited to obtain certain information. Below, there are question type recommendations for each objective:

- Objective 1: Grand tour questions that ask the respondent to lead the interviewer through the process of buying medical marijuana (as a predictor of recreational marijuana) are recommended for this objective. Also, structural questions will help uncover the respondents’
true feelings about store layouts; such information may not be uncovered in a different setting as the respondent may not know how to verbalize it or might simply forget.

- **Procedure:** This first objective will evaluate how successful medical marijuana dispensaries have laid out their stores by asking dispensary owners and employees. It will find out what has worked well and what has not. There will ideally be convergent data from different dispensaries that will form the successful store layout methods they have in common. This objective will take into account the structural requirements set forth by the recreational marijuana store licenses, i.e. a wall and separate entrances. Also, this objective is related to consumer psychology, which will have an impact on the most effective store layout methods.

- **Objective 2:** Structural questions are also good for the second objective because it is very subjective, and knowing the full range of the respondents’ feelings would be useful. (Davis 124) Also, idealization questions are useful for getting to the root of what services future customers will want in their ideal marijuana store. Both of these question types could be followed up with third-person questions. Third, hypothetical --interaction questions would be indicative of what a consumer currently likes and dislikes about the process of obtaining marijuana; the likes could be turned into positive elements that are implemented.

- **Procedure:** Because this second objective is more subjective, it will be based on direct interaction with future customers of recreational marijuana stores. These interactions can occur through a variety of means, such as on-line or in-person. The future customers can be indicated by both existing medical marijuana patients and the general public, including a variety of ages (over 21).
• Objective 3: Specification questions would be informative of what products dispensaries currently sell most successfully, and what else is available in the market that either is not being sold or is still in the stages of being invented. Also, idealization questions will tell what products consumers would like to gain access to or the product properties consumers would like to see incorporated into new products.

  o Procedure: As a blend of objective one and two, this third objective relies on interactions with medical marijuana dispensaries and future recreational marijuana customers. It will also consult industry professionals who grow and invent marijuana products and trade resources, like magazines. The dispensaries will be consulted to identify what products are in high demand and are the most popular. Convergent data will determine what products (in addition to marijuana) recreational marijuana stores should sell. The other way to find out what products are in demand is simply to ask future customers. The future customers can be indicated by both existing medical marijuana patients and the general public, including a variety of ages (over 21). Also the recreational marijuana industry is continually evolving in terms of new strains and technology, so it is necessary to know what is available to offer customers. To find this out, industry professionals who grow and invent marijuana products and trade resources, like magazines, will be consulted.

Quantitative research:

Method: Survey. A survey is the ideal quantitative method for this time-sensitive research because it provides a “‘point-in-time’” snapshot of respondents’ attitudes, beliefs, and behaviors.” (Davis 247) The goal of this research is to be effective, generating the most useful results for the least amount of money in the shortest time span, and surveys are a way to do this. Although a survey could be
used for all three research objectives, it will be used for the second objective because this objective has one of the broadest populations. (Note: for the sake of thoroughness on this assignment, there is also a qualitative method described above for the second objective.) To minimize cost and increase response rate, convenience, and timeliness for the population (Davis 253), this survey will be online. To prevent people under 21-years-old from responding, people will have to input their Colorado driver’s license or state I.D. number, which will be checked in the Colorado Department of Motor Vehicles database. (Online Services)

**Unit of analysis, population, and sampling:**
The unit of analysis for this objective is services that customers enjoy. There are many potential services, like knowledgeable staff or personalization, which can be offered by a medical marijuana dispensary or recreational marijuana store. The population for this objective is all citizens of Denver over 21 (because all citizens over 21 will be eligible to buy recreational marijuana on January 1). The sample will be any Coloradoan who responds to the survey and is 21-years-old or older and inputs valid Colorado driver’s license or state I.D. number.

**Procedure:** This survey will be accessible to any Coloradoan who meets the requirements as stated above. The reason this online survey is not emailed instead is because this objective would be more comprehensive with a greater variance of demographics (as this will lead to store services suited for a broader audience). Therefore, encouraging everyone to respond instead of individuals with targeted demographic qualities is more effective. It will be administered for one week as there is less than a month before January 1. This timeframe still leaves a few days for analysis, and a week for future recreational marijuana stores to apply the findings. (Note: A week is not a large amount of time, but it can allow for minor changes to be made. Also, these longer changes can be implemented after January 1 in an ongoing process.) This questionnaire was pretested and edited to create the most effective survey.
Survey link:
https://syracuseuniversity.qualtrics.com/SE/?SID=SV_0V9SNMtWR2skinH
(Screen shots of survey are below.)

Timing and schedule to collect data:

- Quantitative: The survey will go live for one week beginning on December 15, 2013 and ending on December 22, 2013. The survey results will then be analyzed until December 25, 2013 when the final report will be complete. Last, future recreational marijuana stores will have a week to apply the survey findings before they open on January 1, 2013.
- Qualitative: The in-depth interviews for each objective will all run within a six month time span, from January 1, 2014 to June 1, 2014. This will allow for two months to be spent on each objective. By beginning the qualitative research after the quantitative is complete, our research firm does not run the risk of being understaffed. Also, to acquire rich enough and thorough enough data, these qualitative methods must be sustained for a period of some length. And to produce useful and valuable findings, the data needs to be analyzed afterwards, so from June 1 to September 1, a report will be written and drafted. By October 1, 2014, the final report of the qualitative insights will be complete. This date falls within the fourth quarter, which is a very lucrative time for businesses and will allow them to apply the information before the new year begins in 2015.

Reporting considerations:

- Format: The report will be concise and well-written without misleading graphs or other visual data representations.
- The final report will be drafted a minimum of three times with no less than ten people executing quality control via grammar and fact checking.
- The final report will include a comprehensive methodology section.
- There will be a formal oral presentation of the findings of the final report.
- The research for this report will be conducted by Ganja-preneur, Ltd.

Bibliography


What is your gender?
- Male
- Female

Are you 21 years of age or older?
- Yes
- No

How old are you?
- 21-30
- 31-40
- 41-50
- 51-60
- 61-70
- 71-80
- 81-90
- 91-100
- 100+

What is your name and Colorado driver's license or Colorado state ID number?

What service offered by a recreational marijuana store is the most important?

Are you a medical marijuana patient?
- Yes
- No

If you answered "no" to question 6, skip to question 9. If you answered "yes" to question 6, respond to this question. How would you rate your satisfaction with the services currently offered by your medical marijuana dispensary?

<table>
<thead>
<tr>
<th>Level of satisfaction</th>
<th>Very dissatisfied</th>
<th>Dissatisfied</th>
<th>Neutral</th>
<th>Satisfied</th>
<th>Very Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
Specify why you are dissatisfied or satisfied with the services currently offered by your medical marijuana dispensary.

How would you rate the level of importance of each of these services?

<table>
<thead>
<tr>
<th>Service</th>
<th>Very unimportant</th>
<th>Unimportant</th>
<th>Neutral</th>
<th>Important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledgeable staff</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product selection</td>
<td></td>
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<tr>
<td>Store ambiance</td>
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<td></td>
</tr>
<tr>
<td>Product quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

What other services, if any, not listed in question 9 do you find important?

Please discuss anything else related to recreational marijuana store services that you think is important.
Appendix III: Pictures from Trip to Denver

A. With Larisa Bolivar.

B. With Meg Collins.
C. With Susan Shepherd.

D. With Mike Elliott.
E. With Mary Beth Susman.

F. Denver City Council meeting and public hearing.
G. With John Jennings.
H. With Betty Aldworth.

I. With Sam Kamin.
J. Breckenridge Cannabis Club medical marijuana dispensary in Breckenridge, CO.

K. With John Ingold.
L. Marijuana Enforcement Division sign.

M. Marijuana advertisements in a Westword publication.
N. Campaign sign.