



Acquiring and Retaining Customers: *Best Practices for Dispensaries*

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Introduction: Redefining the Green Rush

The cannabis industry has long been a subject of speculation and excitement, especially with the progressive legal changes sweeping the country. As we approach 2024, the industry is no longer just a niche market; it's a mainstream powerhouse. In the midst of this green rush, dispensaries are at the forefront of a massive wave of opportunity and competition.

The Paradigm Shift in Cannabis Retail: A New Era in 2024

As we venture further into 2024, the cannabis industry is undergoing a significant transformation driven by changing consumer behaviors, evolving regulations, and innovative marketing strategies. This year, cannabis is no longer a fringe topic but a mainstream one, with millions of people discussing it online, driving conversations that exceed those surrounding traditional industries like coffee, golf, and even the NHL.

Key Statistics Highlighting Cannabis Industry Growth

1. Cannabis Conversations Surpass Coffee, Golf, and NHL

In 2023, there were over **20 million tweets** about cannabis-related topics, highlighting just how much the conversation has moved into the mainstream. This is a staggering figure, especially when you consider that it surpassed discussions about established industries like coffee, golf, and the National Hockey League (NHL), indicating a significant shift in societal attitudes and awareness of cannabis.

2. Explosive Growth in Advertising Spend

The cannabis advertising market is experiencing a rapid rise. According to Statista, cannabis ad spending in North America is expected to hit a remarkable **\$5.5 billion in 2024**, more than double the amount from the previous year (\$2 billion in 2023). This surge reflects the growing recognition of cannabis as a legitimate, high-demand product and the industry's increasing investment in digital and traditional marketing strategies.

3. Pre-Rolls on the Rise

Pre-rolls, which once represented a relatively small portion of dispensary sales, are now seeing an exponential increase in demand. In the US, pre-rolls accounted for **15.3% of total dispensary sales** in 2023, up from just **11.6%** the previous year, marking a **32% increase** in just 12 months. This trend is a clear indication of how pre-rolls are becoming a staple in consumers' cannabis consumption, offering convenience, consistency, and affordability.

4. Declining Retail Cannabis Prices

Alongside growing consumer demand, average retail cannabis prices have dropped

significantly. Since 2021, cannabis prices have fallen by an average of **-32%**, making it more accessible to a wider range of consumers and increasing its competitiveness within the retail market. This price drop, while benefiting consumers, presents both opportunities and challenges for dispensary owners and brands in maintaining profit margins.

Why Customer Acquisition and Retention Are More Critical Than Ever

The cannabis industry has grown rapidly, and as more players enter the market, competition is fierce. With the evolving landscape of consumer preferences, shifting regulations, and changing market dynamics, brands and dispensaries are faced with the challenge of not just attracting new customers but also retaining them over the long term.

The Battle for Customer Attention in a Crowded Marketplace

In 2024, cannabis brands are fighting harder than ever for consumer attention. Digital advertising is leading the charge, with **83% of cannabis brands** utilizing it as their primary marketing strategy. This dominance of digital marketing is understandable, as consumers increasingly turn to their devices to discover, research, and purchase cannabis products.

However, the rise in advertising spending is not just about visibility; it's about cutting through the noise. With millions of cannabis-related tweets and conversations happening daily, brands need to stand out in a crowded digital landscape. Engaging content, social media strategies, and targeted advertising are critical to capturing consumer attention. But the question remains: how can brands keep consumers coming back once they've captured their attention?

The Economics of Retention: From Loyalty to Lifetime Value

Retention is where cannabis brands can truly set themselves apart. The economics of customer retention are clear: retained customers are more valuable than new ones. They not only continue to generate revenue, but they often spend more over time and refer others. In fact, **loyal customers** are known to spend up to **67% more** than new customers over their lifetime.

This highlights the importance of cultivating strong customer relationships, creating experiences that resonate with consumers, and developing loyalty programs that incentivize repeat purchases. In a world where average cannabis prices are declining, the emphasis on retention becomes even more crucial. Brands need to ensure that their existing customers are not just satisfied but are made to feel like they are part of a community.

From **loyalty programs** to **personalized marketing**, there are many ways to foster retention. For example, rewards for repeat purchases, birthday gifts, or even personalized recommendations based on previous buying behavior can build a strong emotional connection with the brand. Consumers who feel appreciated and valued are more likely to return and share their experiences with others, expanding the brand's reach.

The **lifetime value** of a customer is an important metric to track in 2024. Brands that focus on delivering excellent customer service, high-quality products, and ongoing engagement are building a foundation for long-term growth. After all, retaining a customer is often more cost-effective than acquiring a new one.

Section 1: Understanding the Landscape – Numbers Don't Lie

Cannabis Dispensary Trends in 2024

To craft a robust marketing strategy, dispensaries must first understand the key industry trends shaping their landscape in 2024.

- **Ad Spend Projections:** Cannabis brands are projected to spend between \$2 million and \$5.5 million annually on digital advertising. This increase in ad spend means that competition is heating up across all digital platforms.
- **Pre-Rolls Stealing the Spotlight:** Pre-rolls are dominating the market with a 32% increase in market share. As a result, dispensaries should emphasize this product both in-store and online to capture consumer attention.
- **The Fall of Average Retail Cannabis Prices:** The average price of cannabis has fallen as more brands enter the market. While this means lower margins, it also presents an opportunity for dispensaries to adjust their pricing strategy and offer promotions that attract budget-conscious consumers.

The Power of Digital Advertising

In 2024, 83% of cannabis brands rely on digital strategies to reach their customers. Digital advertising is no longer just a supplementary channel; it's the backbone of customer acquisition and retention strategies.

- **SEO:** Ensuring your dispensary's website ranks high for targeted keywords like "dispensary near me" is crucial to attracting new customers.
 - **Google Ads:** With Google's evolving policies on cannabis-related advertising, it's essential for dispensaries to stay compliant and capitalize on this channel's high return on investment.
 - **Meta (Facebook and Instagram):** Social media platforms like Facebook and Instagram remain critical tools for brand awareness, even as they impose limitations on cannabis-related content. Creative strategies are necessary to engage customers while navigating these restrictions.
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Section 2: Boosting Discovery – Winning on Google & Maps

Community-Inspired Content: SEO with Heart

In the cannabis industry, building genuine connections with your community isn't just an ethical approach, it's a strategic one. Local, story-driven content not only helps dispensaries connect with their customers but also drives meaningful traffic to their websites and stores.

- **What It Is:** Community-inspired SEO focuses on creating content that speaks directly to local interests, concerns, and needs. It goes beyond generic keywords to address what matters most to the people in your immediate area.
- **Why It Works:** When a dispensary creates content that aligns with the values and concerns of its local community, it builds trust. This trust translates into foot traffic, online visits, and brand loyalty.
- **How to Implement:** Engaging with local community events, conducting surveys, and sharing stories of local people using your products can all serve as building blocks for meaningful content. For example, a dispensary that partners with a local environmental group to promote sustainable growing practices not only strengthens its brand but also boosts local SEO.
- **Real-Life Example:** A dispensary in San Francisco doubled its local traffic after publishing a series of blog posts that highlighted local farmers who provided the dispensary's organic products. These stories resonated with the community, resulting in more foot traffic and higher sales.

Mastering Local Keywords

High-intent local keywords are the cornerstone of attracting nearby customers searching for cannabis products. Terms like “dispensary near me” and “best pre-rolls near me” are often the first steps in a customer's journey.

- **Step-by-Step Strategy:** To rank well for local searches, dispensaries must optimize their Google Business Profile and ensure they are listed accurately across platforms like Apple Maps and Yelp.
 - **Optimizing Your Google Business Profile:** A complete, up-to-date profile with photos, hours of operation, and customer reviews is essential for visibility in Google's local search results. Google's Local Pack often includes dispensaries that are close by, which can significantly increase foot traffic.
 - **Addressing Risks:** Google has a history of suspending cannabis-related accounts. To avoid this, dispensaries must ensure their listings are compliant with Google's advertising policies and provide accurate information at all times. Additionally, using Google Ads in tandem with local SEO strategies can further amplify your visibility.
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Section 3: Driving Revenue with Content & Ads

Blogs That Convert

In an age where digital marketing is essential for business growth, content creation plays a pivotal role in establishing authority, building trust, and driving traffic. For cannabis dispensaries, blogs often remain the unsung heroes of their marketing strategy. When done correctly, blogs don't just inform they engage, entertain, and convert potential customers into loyal ones.

Why Blogs Are the Unsung Heroes of Cannabis Marketing

Blogging in the cannabis industry isn't just about writing about products. It's about offering value that speaks to your audience's needs, interests, and lifestyle. Given the regulatory restrictions surrounding cannabis marketing especially on platforms like Google and Meta dispensary owners often find that blog content offers a unique opportunity to rank for highly relevant search terms without the fear of ad restrictions or suspensions.

Best Practices: Keyword Targeting, Storytelling, and Consistent Publishing

- **Keyword Targeting:** Identifying high-intent keywords is the cornerstone of an effective cannabis blog. These keywords should address the common questions or concerns customers have, such as "What is the difference between THC and CBD?" or "How do I choose the best pre-rolls near me?"
- **Storytelling:** Consumers crave authenticity, and storytelling allows dispensaries to connect with them on a deeper level. Craft blogs that tell the story of your brand, your sourcing practices, or the community you serve. For example, a dispensary could highlight a local grower's story, positioning your dispensary as a supporter of local agriculture while simultaneously building trust with readers.
- **Consistent Publishing:** Regularly publishing new content signals to both search engines and customers that your business is active and engaged. Google rewards sites that update their content frequently, so consistently publishing blog posts is an effective SEO strategy.

Monetization Tactics: Turning Blogs into Traffic Magnets and Sales Drivers

The ultimate goal of your blog is to drive traffic to your site and convert that traffic into paying customers. Here are a few tactics dispensaries can use to ensure their blogs are not only informative but also revenue-generating:

- **Affiliate Links:** Partner with other brands or industry experts and include affiliate links to related products or services within your blog posts. For instance, a blog on the benefits of CBD might include links to CBD-infused products sold by your dispensary.
- **Call-to-Action (CTA):** At the end of each blog post, include a CTA that encourages readers to visit your dispensary or make an online purchase. It could be as simple as "Shop Now for Premium Cannabis Products" or "Sign Up for Our Loyalty Program for Exclusive Discounts."

- **Email Capture:** Use your blog as a tool to build an email list by offering free resources (such as an eBook on cannabis strains) in exchange for subscribers. These subscribers can then be nurtured through email marketing campaigns, guiding them down the funnel toward conversion.

Running Compliant Ads

While cannabis advertising can be restrictive on platforms like Google and Meta, dispensaries still have plenty of opportunities to run effective, compliant ads. Understanding the dos and don'ts of advertising in the cannabis space is critical for long-term success and avoiding costly penalties.

The Do's and Don'ts of Google and Meta Advertising

- **The Do's:**
 - **Geo-Targeting:** Always ensure your ads target only areas where cannabis is legal. This is crucial for compliance with local laws and platform guidelines.
 - **Focus on Education:** Both Google and Meta allow educational content about cannabis as long as it avoids promoting consumption directly. Ads that offer educational insights into the benefits of CBD, THC, or the various cannabis products you sell are often compliant.
 - **Clear Disclaimers:** Always include clear disclaimers about the legal age requirement for purchasing cannabis in your area. Both platforms expect you to adhere to local laws and regulations.
- **The Don'ts:**
 - **Avoid Direct Consumption Claims:** Google and Meta prohibit ads that promote smoking or consumption, particularly when associated with health claims. Ads cannot encourage users to consume cannabis products, even if it's implied.
 - **No Targeting Minors:** Ads that target or could be seen by minors are strictly prohibited. You must ensure your targeting settings are refined to reach only legal-age consumers.
 - **Stay Away from Health Claims:** Claims that cannabis products can cure or treat specific medical conditions are not allowed. You must be careful not to cross into medical or health-related territory unless you are operating within the boundaries of your state's laws.

Risks of Non-Compliance and How to Mitigate Them

Non-compliance with advertising policies can lead to account suspension, loss of ad spend, and potential legal issues. To mitigate these risks:

- Regularly review Google's and Meta's advertising policies.
- Work with digital marketing professionals who specialize in the cannabis industry to ensure your ads comply with ever-evolving regulations.

- Test your ads before launching large-scale campaigns to ensure they meet platform guidelines.
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Section 4: Building Brand Loyalty Without Discounts

Breaking the Discount Cycle

While discounts can initially attract customers, relying on them as a retention strategy is unsustainable. Customers who come for discounts often don't return when prices go back to normal, and this can erode profitability.

Why Discounts Are Not a Sustainable Retention Strategy

- **Short-Term Gains, Long-Term Losses:** Discounts can provide a quick influx of customers, but they do little to create loyalty. If customers only return when they are offered a discount, they are not likely to become repeat buyers without the incentive.
- **Devaluing Your Brand:** Constantly offering discounts can lead customers to perceive your products as less valuable, affecting both your margins and long-term customer relationships.

The Profitability of Value-Based Loyalty Programs

A value-based loyalty program encourages customers to stay engaged with your brand not through discounts, but through the perception of added value. Rather than focusing on price cuts, dispensaries can offer rewards that align with their customer's values, such as exclusive experiences, access to limited products, or VIP events.

What Is a Loyalty Program?

A loyalty program is a strategy used to reward repeat customers with incentives that keep them coming back, often by offering points, rewards, or exclusive access to certain products or services.

Turning Repeat Customers into Brand Advocates

Loyalty programs not only incentivize repeat purchases, but they also turn customers into advocates for your brand. When customers feel appreciated, they are more likely to recommend your dispensary to friends, family, and colleagues.

Statistics That Prove Their Effectiveness

- 73% of consumers are more likely to recommend a brand that has a strong loyalty program. This statistic highlights how effective these programs can be in driving word-of-mouth marketing and customer advocacy.

Designing a Loyalty Program That Aligns With Your Brand

To create a successful loyalty program, dispensaries must ensure it resonates with their target audience's values and preferences. This requires designing rewards that reflect both the products you offer and the overall experience your brand provides.

- **The Role of Brand Archetypes:** By choosing a brand archetype such as The Caregiver, The Rebel, or The Creator you can design a loyalty program that aligns with your personality, helping your dispensary feel more relatable and appealing to your customers.
 - **Steps to Build a Program That Rewards Behaviors, Not Just Purchases:** Encourage customers to engage with your brand in ways beyond making a purchase. Reward actions like sharing on social media, attending community events, or writing product reviews. This creates a deeper relationship with your customers and adds value to their experience.
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Section 5: High-Impact Strategies for Retention

Creating Memorable Experiences

To build long-term loyalty, dispensaries must offer more than just a great product they must offer an unforgettable experience. Whether through VIP perks or unique in-store events, creating experiences that delight customers is key to keeping them coming back.

From Exclusive VIP Perks to Educational Workshops – How to Stand Out

- **VIP Perks:** Offer your most loyal customers access to special promotions, private events, or early releases of new products. This makes them feel valued and appreciated.
- **Educational Workshops:** Hosting workshops on cannabis education, such as how to roll the perfect joint or understanding different strains, can turn your dispensary into a trusted resource for knowledge.

Community Engagement: Rewarding Customers for Charity Participation or Event Attendance

Incorporating a charitable component into your loyalty program or offering rewards for community involvement can build deeper emotional connections with your customers. For example, hosting or supporting a local charity event and rewarding attendees with loyalty points shows that your dispensary is invested in the community.

Storytelling Through Loyalty

Using your loyalty program to communicate your brand's mission and values can help reinforce the emotional connection between your brand and your customers. For example, if your dispensary is committed to sustainability, you can reward customers for purchasing eco-friendly products or for recycling packaging.

Real-World Examples: Brands That Turned Loyalty into Advocacy

- A dispensary in Oregon partnered with a local animal rescue organization to reward customers for donating to charity events with loyalty points. This not only attracted animal lovers but also helped build a sense of community and social responsibility.

Building a Community of Advocates

Turning customers into brand advocates requires providing exceptional service, creating meaningful experiences, and maintaining regular engagement. A loyal customer is not just a repeat buyer; they are an ambassador who helps spread the word about your brand to others.

Why Word-of-Mouth Marketing Is the Most Powerful Tool in Cannabis Retail


When customers feel connected to your brand, they become your best marketers. They share their experiences with friends, family, and social media, helping you reach new customers without any additional advertising spend.

Section 6: Data-Driven Insights – Measuring Success

In the fast-evolving cannabis industry, the ability to leverage data effectively is essential to driving and measuring success. To truly scale and optimize retention strategies, dispensaries must track a variety of key metrics, continually iterate their approaches, and use the latest tools to refine their marketing efforts. This section delves into the key performance indicators (KPIs) that dispensaries should be monitoring and how to leverage data to enhance both customer acquisition and retention strategies.

Key Metrics to Track

For dispensaries, understanding and tracking the right metrics is essential to measure the effectiveness of retention strategies. By focusing on customer behavior, loyalty program engagement, and the financial impacts of these efforts, dispensaries can gain valuable insights into their operations and identify opportunities for improvement.



Customer Retention Rates, Lifetime Value, and ROI

- **Customer Retention Rates:** The primary measure of a successful retention strategy is how well a dispensary can keep customers coming back. High retention rates indicate that customers find value in what you're offering, whether it's your products, customer service, or loyalty programs. Retention can be measured through repeat purchase behavior and overall customer longevity.
 - Formula: $\text{Retention Rate} = \frac{\text{Customers at the End of the Period}}{\text{Customers at the Start of the Period}} \times 100$
 - Why It Matters: A strong retention rate directly correlates to reduced customer acquisition costs and sustained revenue growth.
- **Customer Lifetime Value (CLV):** CLV is a crucial metric for understanding the total revenue a single customer can bring to your dispensary over their entire relationship with your brand. CLV takes into account purchase frequency, average transaction value, and retention time.
 - Formula: $\text{CLV} = \text{Average Purchase Value} \times \text{Purchase Frequency} \times \text{Customer Lifespan}$
 - Why It Matters: A high CLV means customers are not only returning but spending more over time, which directly impacts your profitability.
- **Return on Investment (ROI):** Tracking the ROI of retention initiatives allows dispensaries to determine which strategies are most effective in generating profits. ROI for retention-focused campaigns can be calculated by comparing the revenue generated from repeat customers to the cost of acquiring and retaining those customers.
 - Formula: $\text{ROI} = \frac{\text{Revenue from Retained Customers} - \text{Retention Costs}}{\text{Retention Costs}} \times 100$
 - Why It Matters: ROI analysis helps dispensaries allocate resources effectively and prioritize the most profitable retention tactics.

Loyalty Program Engagement: From Signup Rates to Redemption Frequency

Your loyalty program's success isn't just about how many customers sign up; it's about how actively they engage with it. Tracking metrics like signup rates, redemption frequency, and the average reward per customer gives you the data needed to refine your loyalty strategy and make it more enticing.

- **Signup Rates:** The percentage of customers who join your loyalty program after making a purchase. High signup rates indicate that your program is attractive and your messaging is clear.

- **Redemption Frequency:** This refers to how often customers redeem their loyalty rewards. If customers aren't redeeming their rewards, it could mean the rewards aren't valuable enough, or they're too difficult to access. Monitoring redemption behavior allows dispensaries to adjust program offerings to ensure customers are continuously motivated to participate.
 - **Reward Value per Customer:** By calculating the average value of rewards redeemed, dispensaries can assess the program's cost-effectiveness and ensure the rewards structure drives customer loyalty without negatively impacting profit margins.
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Iterating for Improvement

No retention strategy is perfect from the start. Successful dispensaries are always refining their approach based on the data they collect. Using data to continually iterate and improve helps you adapt to shifting market conditions, changing customer expectations, and emerging trends in the cannabis space.

Using Data to Refine Your Strategies

- **A/B Testing:** Regularly test different versions of your loyalty programs, blog posts, and ad creatives to see which resonate most with your target audience. For example, test different reward structures to see whether point-based systems or tier-based systems drive more engagement.
- **Segmentation:** Break down your customer base into segments based on behaviors such as frequency of purchases, total spend, and engagement with your loyalty program. This allows you to tailor retention strategies to different customer groups, such as high-value VIP customers or infrequent shoppers who need more incentives to return.

Leveraging Tools Like Google Analytics and CRM Systems to Track Progress

In today's digital landscape, leveraging tools like Google Analytics and customer relationship management (CRM) systems is crucial for tracking and optimizing marketing efforts.

- **Google Analytics:** This tool allows you to track website behavior, understand traffic sources, and monitor customer journeys. By setting up goals (such as newsletter signups or purchases), dispensaries can directly correlate blog traffic or ad campaigns to conversions and customer retention.
- **CRM Systems:** A CRM system allows you to track individual customer interactions, segment your audience, and personalize retention efforts based on past behavior. Integrating a CRM with your loyalty program can enable you to send automated messages reminding customers of rewards, exclusive offers, or new product releases.

The key to success is using data not just to track progress but to proactively adapt your strategy, ensuring continuous improvement.

Conclusion: Getting HIGH on ROI

The Takeaway

As the cannabis industry matures, dispensaries must shift their focus from just acquiring new customers to building long-term relationships that maximize customer lifetime value. Retention is the new revenue driver, and dispensaries that master customer retention will not only survive they will thrive.

By using the strategies outlined in this whitepaper focusing on creating valuable experiences, leveraging loyalty programs, and measuring success through key metrics dispensaries can optimize their operations and ensure a lasting connection with their customers. In the end, it's not about keeping customers; it's about turning them into loyal brand advocates who drive sustainable growth.

Customer Acquisition is a Race, but Retention is Where the Profit Lies

Acquiring new customers is important, but retaining them is far more profitable in the long run. The cost of acquiring new customers can be high, and it takes time to build brand loyalty. Dispensaries that focus on retention strategies are able to maximize the value of each customer and cultivate a steady stream of revenue through repeat business. By keeping your customers engaged, you turn them into lifelong advocates for your brand.

Building Loyalty Isn't Just About Keeping Customers it's About Turning Them into Your Biggest Advocates

True brand loyalty is cultivated when customers feel valued and recognized. When dispensaries go beyond transactional relationships and create meaningful connections, they build a community of advocates who willingly share their positive experiences. These advocates become powerful marketing tools, helping to grow your customer base organically through word-of-mouth referrals.

Why Spokes Digital?

As the cannabis industry continues to grow, it's more important than ever for dispensaries to partner with digital marketing experts who understand the nuances of cannabis marketing. Spokes Digital offers unmatched expertise in developing and executing retention strategies that drive real results for dispensaries across the U.S.

Proven Strategies That Deliver Results for Dispensaries



Spokes Digital's team has extensive experience in crafting customer acquisition and retention strategies tailored specifically for the cannabis industry. We combine data-driven insights with innovative tactics to help dispensaries not only acquire new customers but retain them for the long haul.

Let's Talk About Your Growth: How Spokes Digital Can Help You Acquire, Retain, and Thrive in 2024 and Beyond

If you're ready to take your dispensary to the next level, Spokes Digital is here to help. Our team will work with you to develop a custom retention strategy that aligns with your brand and drives measurable results. Whether you're looking to improve customer loyalty, run compliant ads, or leverage data to refine your approach, we have the tools and expertise to help you succeed.

Let's build your future together. Reach out to Spokes Digital today to start the conversation about your dispensary's growth in 2024 and beyond.