

Real California Cannabis

Campaign Overview

Prepared for: Department of Cannabis Control

Prepared on: September 2023

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& Associates

Swell Inc.



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About Fiona Hutton & Associates

FionaHutton &Associates

FHA is among California's leading public affairs and full-service communications firms. We specialize in statewide, high-profile education, outreach and advocacy campaigns where the stakes are high and the challenges are steep.

FHA combines unparalleled knowledge of California's cannabis industry and players with a keen understanding of the regulatory and political landscapes. Our unique background makes us an ideal partner to lead a targeted outreach and education campaign to reach all cannabis consumers in the state.

- 01 Boots on the Ground Experience Combatting the Illegal Market
- 02 Extensive Experience in California's Regulated Cannabis Industry
- 03 Strong Partnerships Across the State
- 04 Successful History Implementing Award-Winning Awareness Campaigns
- 05 Custom-Built Team Exclusively Tailored for DCC

The FHA Team

Swell Inc.

Swell partners with organizations and brands to create people-based movements through creative content, brand development, influencer marketing and strategic paid media planning. Swell are strategic consultants who act as media planners and buyers, artists who prefer action, and people who believe we are here to serve movements, not just clients.



FM3 has extensive experience conducting research related to cannabis and Californians' attitudes toward it. FM3's internal library of research represents a broad range of perspectives that will improve research instruments, analysis of qualitative and quantitative research findings and strategic recommendations.



J Comm, Inc. brings decades of Emmy-winning media, film and video production experience. J Comm unifies cinematic visuals with personal, powerful storytelling to create memorable narratives that drive stakeholder education, engagement and action.



InterEcho does not simply translate language, but rather examines every aspect of the content through a cultural relevancy lens to ensure it will resonate with diverse audiences. InterEcho does not just translate. InterEcho authenticates, transcreates and reproduces content that is culturally relevant and highly effective...in over 60 languages.

Our Objectives

Primary Objective

Drive existing cannabis consumers to purchase products solely from licensed cannabis retailers.

Secondary Objectives

01. Increase DCC name recognition among Californians.
02. Position DCC as the leading, trusted authority.
03. Educate key opinion formers about the value of supporting the legal market and the dangers of the illegal market.

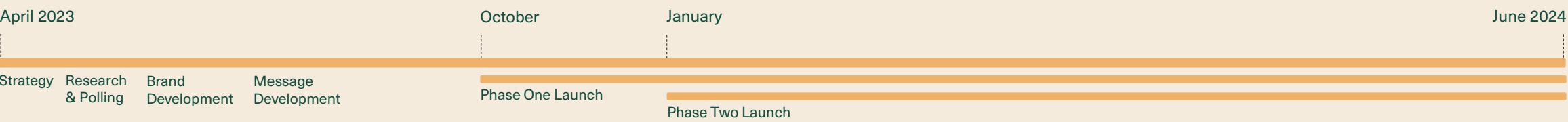
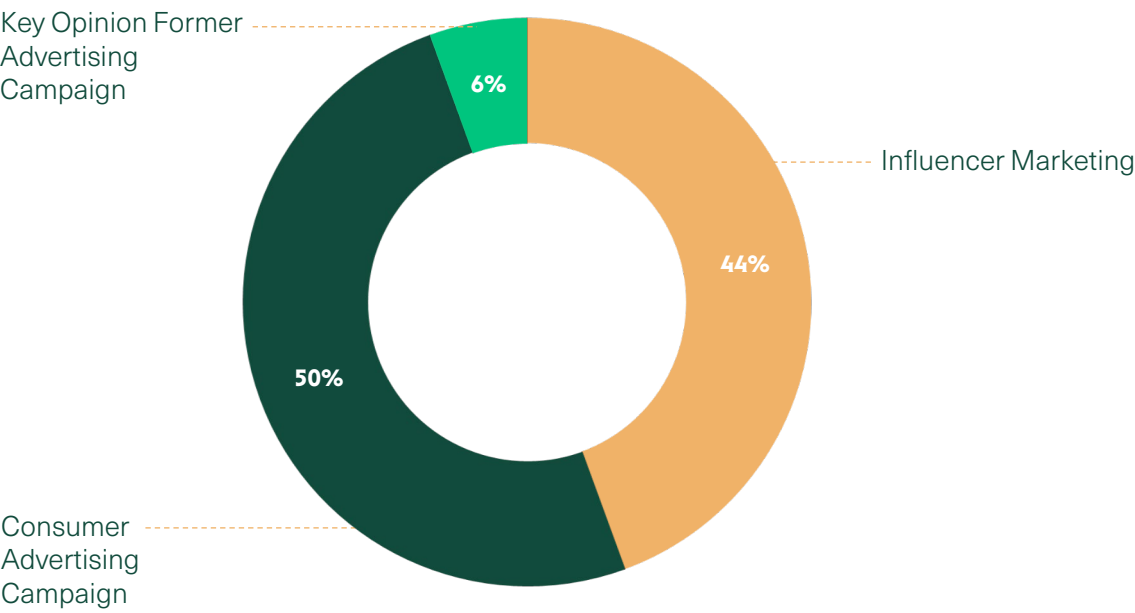


Contract Overview

Total Nonpaid Budget **\$3,000,000**

Research & Insights	15%
Ad Development & Management	12%
Outreach	12%
Strategy & Campaign Development	12%
Technology & Innovation	08%
Video Production & Photography	08%
Earned Media	07%
Owned Content Creation	07%
Influencer Campaign Management	07%
Campaign Management, Oversight & Reporting	05%
Print Production	05%
Brand Development	03%
Translation & Transcreation	02%

Total Paid Budget **\$2,000,000**



Research, Strategy & Concept Design

**May 2023 –
October 2023**

Research

- Conduct Immersion Meetings
- Conduct Licensee Interviews
- Conduct SME Debrief Interviews
- Analyze Third-Party Polling & Industry Reports
- Develop Consumer Research Strategy
- Develop Research Questionnaires & Scripts
- Conduct 10 Pre-Campaign Baseline Focus Groups with 100 Californians (English & Spanish)
- Conduct Pre-Campaign Baseline Survey of more than 1,000 Californians (English & Spanish)
- Assess Research Findings + DCC Debrief
- Conduct Media & Legislative Landscape Analysis

Strategy

- Develop Consumer Ad Targeting Strategy
- Develop Campaign Strategic Plan
- Develop Paid Advertising Plan
- Develop On-Ecosystem Microsite
- Draft Message Platforms (Key Opinion Formers + Consumers)
- Develop Influencer Database
- Develop Key Opinion Former Database
- Develop Licensee Steering Committee Strategy

Concept Design

- Host Brand Workshop Series
- Develop Multiple Brand ID Options
- Collaborate with DCC to Select Brand ID
- Develop Full Brand ID
- Draft Brand Usage Guidelines

Core Research Findings

Perceived Lack Of Problem

Our research shows Californians do not view the state's illegal cannabis market as a problem that needs a solution. Many focus group participants express confusion at the mere idea of illegal cannabis, assume the passage of Prop. 64 made all cannabis sales legal, or do not believe that illegal cannabis sales impact them or their communities.



85 percent of Californians in impermissible areas incorrectly believe it is legal or don't know if it is legal in their area.



"...it doesn't affect me. People have the right to buy [cannabis] however they want, legally or illegally – it's their money." - **Los Angeles Female**

"All the arguments in the world aren't going to change the fact that it doesn't really matter to me what other people do unless they're hurting somebody. I don't care where other people get their weed." - **San Francisco Male**

"...the more I think about it, it just seems impossible to be an illegal dispensary. Basically, you're just saying a guy is a street dealer." - **Irvine Male**

Strategic Approach

Lead with Education

Before we can expect consumers to take action to discover whether they are in fact purchasing cannabis from a licensed retailer, we need to motivate them to do so by educating them about the benefits of legal cannabis and the detriments of illegal cannabis. By developing resources that extoll the benefits of legal, tested cannabis that is grown equitably, responsibly, and is fit for consumption – as compared to illegal cannabis that is rife with issues ranging from health to crime to labor violations – we can help to compel consumers to be part of the solution. We plan to develop those resources from October through December based on what the research tells us are the most impactful messages for different consumer audiences.



Core Research Findings

Disconnect Between Consumer Beliefs & Behaviors

While we know illegal sales make up more than half of cannabis sales in California, an overwhelming majority of Californians believe it is important to purchase cannabis legally. While there are several reasons for this discrepancy, our research shows a lack of consumer awareness is likely the largest culprit – consumers don't know that illegal retailers exist, nor do they know how to distinguish an illegal shop from a legal one.

86%

86% say it is important to purchase cannabis legally

88%

88% say they would personally purchase cannabis from a licensed dispensary.



“If I see the establishment, I see it's open and it's in the public, I would imagine that it's legal. They have to have their regulations.” – **Fresno Male**

“I would think dispensaries should be legal because they're just sitting there. How can they not be?” – **Irvine Male**

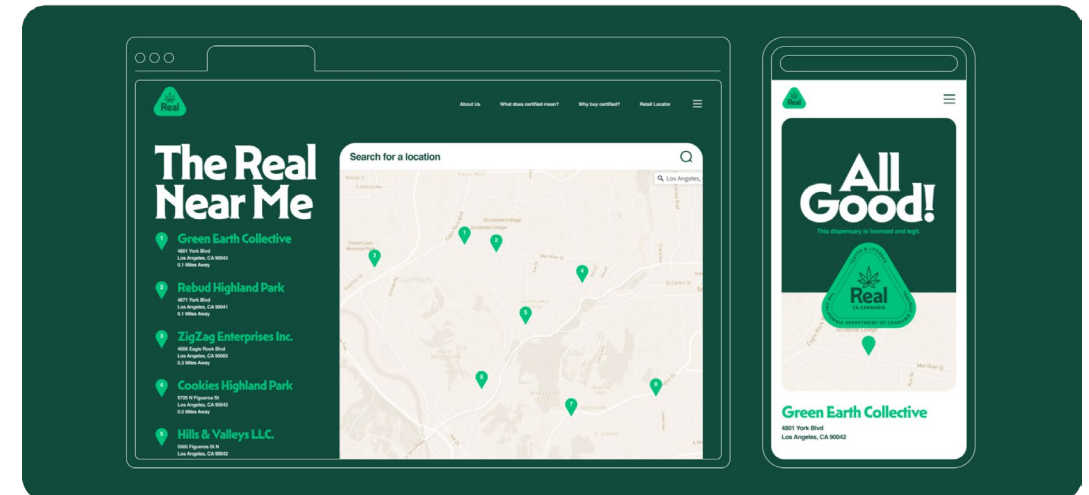
“I didn't know there were illegal dispensaries.” – **San Francisco Female**

Strategic Approach

Make it Easier to Shop Legal

A significant number of focus group participants said that it needs to be much easier for cannabis consumers to identify and verify licensed retailers before driving to the store and making a purchase. Consumers want a clear and direct way to identify legal stores and products. The research shows that consumers are both willing to purchase legal cannabis and believe they already are even when they are not. After establishing the difference between legal and illegal retailers through education, we need to arm consumers with the tools they need to shop legal:

- Develop new web-based, consumer-friendly retail locator
- Create opt-in SMS legal locator tool
- Update DCC QR codes to include geolocated anchors/landing pages



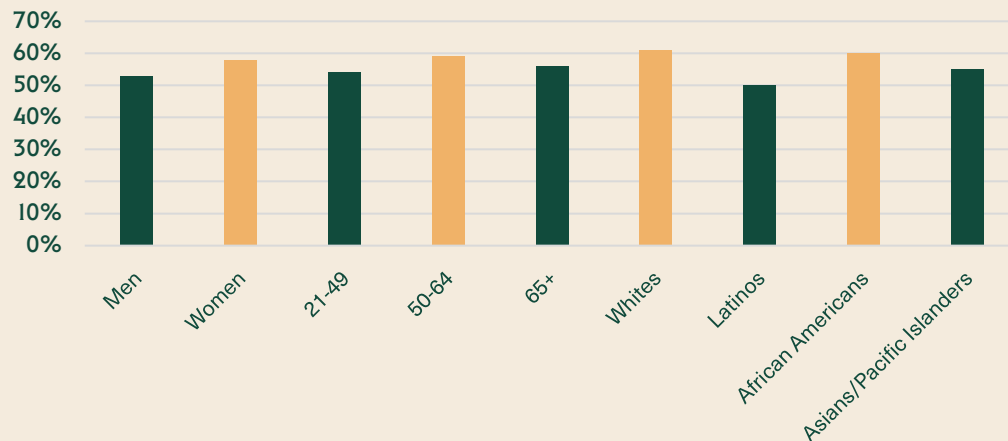
Core Research Findings

Universal Appeal

Our research shows cannabis consumers are as diverse as California – there are no dramatic demographic differences in those who have and have not used cannabis, nor are there significant variations by region, income level, education level or those with children. This universal harmony was found throughout our focus group and survey findings as it relates to message testing as well.

- Messages about toxins in illegal products, health & wellness and testing were universally the most convincing reasons to shop legal.
- Messages about social equity and tax revenue were universally less convincing reasons to shop legal.

Cannabis Consumers by Gender, Age & Race/Ethnicity



Strategic Approach

Celebrate California's Diversity

Our campaign must be inviting, inclusive and appealing to all Californians. We will develop photography and videography that is representative of California and of the state's diverse legal cannabis market. Our campaign content will be translated and transcreated to reflect the most common languages used in each target county/region.

While messaging around DCC's social equity programs may not be a key driver in moving consumers to the legal market, it will be a very important message to get right for some key – and potentially skeptical – audiences. We will tap equity licensees to participate in the campaign as spokespeople and share their stories, using faces, anecdotes and facts to celebrate those who are the future of California's world-renowned cannabis industry.



Core Research Findings

Cannabis Consumption Drivers

While demographics are helpful, targeting cannabis consumers based on their values will be more impactful. Our statewide survey shows **Californians identify health & wellness purposes** as among the most common reasons why people use cannabis, especially for pain management (78%), to relax or reduce stress (77%), medical treatment (75%), anxiety and mental health issues (71%), and sleep aid (69%).

90%+ 90% of cannabis consumers aged 21+ say they consume for health & wellness reasons.

33.3% 33% of California consumers say they use cannabis for “medical purposes.”



Strategic Approach

Targeting Health + Wellness Consumers

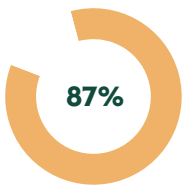
Consumers who prioritize their health and wellness are more inclined to prioritize toxin-free and rigorously tested products over cost when making purchasing decisions. These consumers will be easier to move to the legal market than consumers who strictly prioritize cost – they are willing to pay more for products that are natural, clean, designed to improve their well-being and tested/approved by influencers. We want to be clear – the phrase “health and wellness” will not be part of our campaign message, rather it is a targeting strategy we will employ to reach and move these consumers. Our campaign will prioritize reaching consumers who use cannabis for health and wellness purposes by:

- Utilizing medical professionals, health and wellness influencers and patients as campaign ambassadors and/or spokespeople.
- Prioritizing messaging about the legal industry’s rigorous testing process compared to the lack of testing conducted by illegal operators.
- Leveraging digital targeting platforms/technologies to put our ads in front of consumers who prioritize health and wellness.
- Utilizing phrases that appeal to health and wellness consumers, including trustworthy, high-quality, accurate dosage, predictable, toxin-free, California’s own, ethically-sourced and environmentally-friendly.

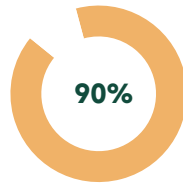
Core Research Findings & Strategic Approach

Target Advertising Dollars to Consumers with Access

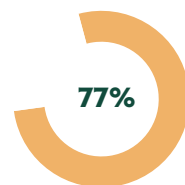
We've extensively studied all available data on the makeup of California's current cannabis market. To ensure our paid advertising dollars deliver maximum value, we are proposing to spend the vast majority of our advertising budget in jurisdictions that have the greatest potential to shift consumer purchasing behavior away from the illegal market. Our priority counties have three key factors in common: a large number of consumers, a large illegal market and sufficient access to licensed retailers. These three common factors allow for the greatest potential shift from the illegal to the legal market. Within each county, we will further drill down on specific cities to target based on permissibility/access. Our 21 priority counties account for:



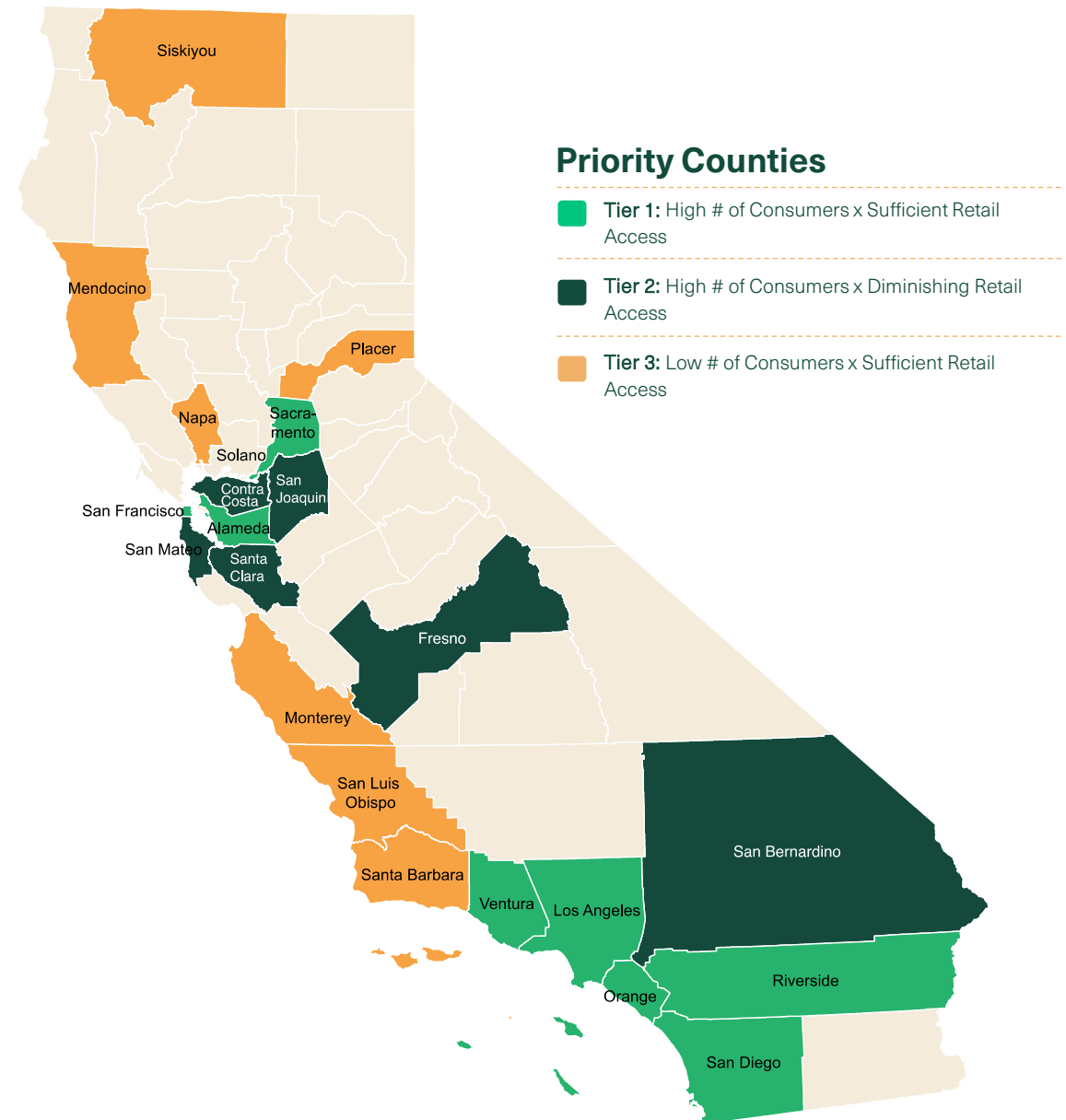
87% of estimated CA cannabis consumers



90% of estimated illegal consumers



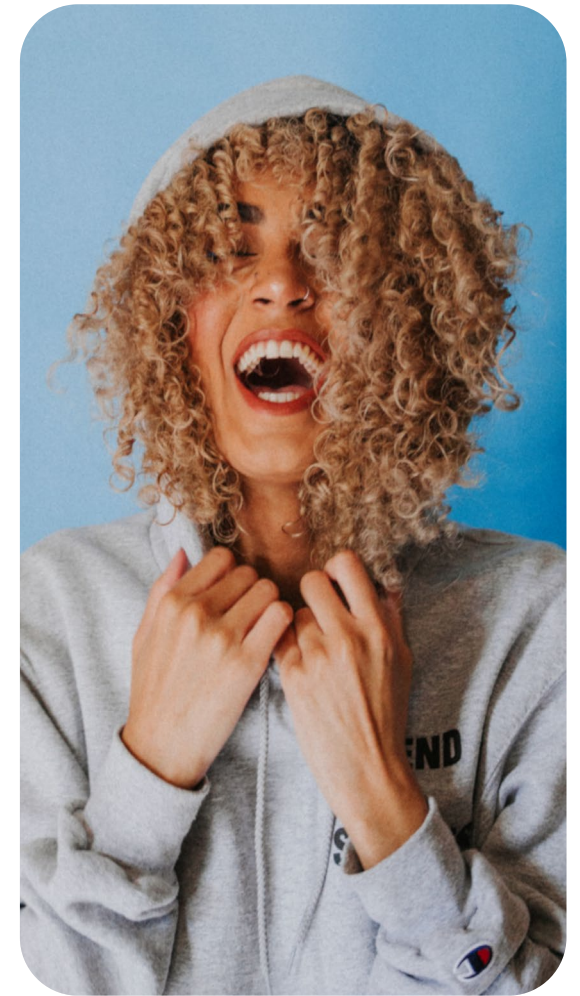
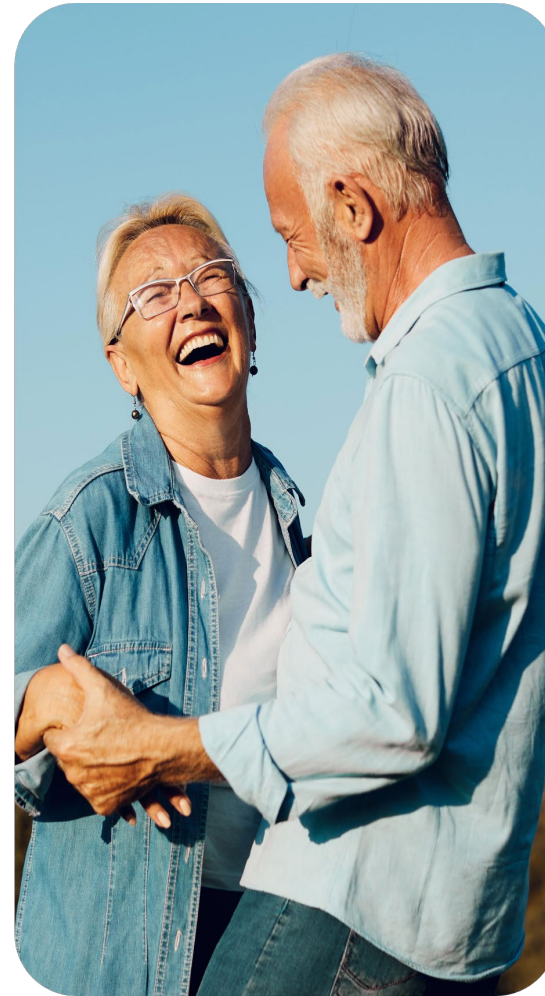
77% of licensed retail storefronts



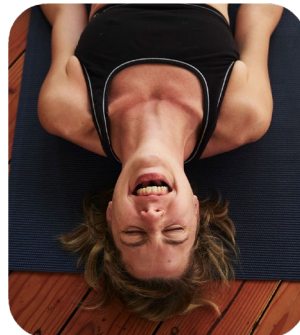
Core Research Findings & Strategic Approach

Strategic Approach Summary

- Lead with defining the problem by externalizing tangible data about the existence, scale and risks posed by the illegal market.
- Focus on targeting easiest to move consumers, including:
 - Consumers who have convenient access to licensed dispensaries.
 - Consumers who are unknowingly shopping illegally.
 - Consumers who prioritize their health and wellness, making them more inclined to prioritize toxin-free and rigorously tested products over cost when making purchasing decisions.
- Engage and activate broad, impactful and credible messengers to create a unified, collaborative approach and narrative.
- Make it easier to shop legal by providing consumers with tools and resources to help them verify that a retailer is legal before going to the store and making a purchase.
- Celebrate California's diversity throughout all aspects of the campaign – imagery, translation, messengers, etc.
- Prepare state and local leaders to be part of the solution by arming them with information to make informed decisions and educate their constituents.



Our Audiences



Cannabis Consumers Aged 21+, Emphasizing Those Who:

- Have convenient access to licensed dispensaries
- Prioritize their health and wellness
- Unknowingly shop illegally

Key Opinion Formers – Cannabis Industry Leaders & Influencers

- Cannabis business licensees + staff
- Local business organizations, leaders + staff
- Cannabis industry thought leaders + trade associations
- Doctors and nurses
- Cannabis industry news media
- Public health advocates

Key Opinion Formers – State & Local Policy Leaders

- State elected officials + staff
- Local elected officials + staff
- State regulators + departments
- Local public health officials
- California Department of Public Health
- State/local policy-focused news + media
- California Attorney General

Our Brand: Real California Cannabis

What is Real?

"Real" is our stamp of approval. Real California Cannabis is for consumers, reassuring people they are buying regulated and rigorously tested cannabis products from licensed retailers, manufacturers and growers who adhere to the standards set out by DCC. Our campaign will make Real California Cannabis synonymous with regulated, licensed and tested – it is the symbol of authority on what's licensed and what's not.

Why Real?

- It's a term that inspires trust and confidence – it's not silly or hyperbolic.
- It's a term that is genuine and authentic – anything that's not real is fake.
- It's a term that's approachable – it's more colloquial than its alternatives.
- It's a term that is universal and timeless – it's not up for interpretation at any age.

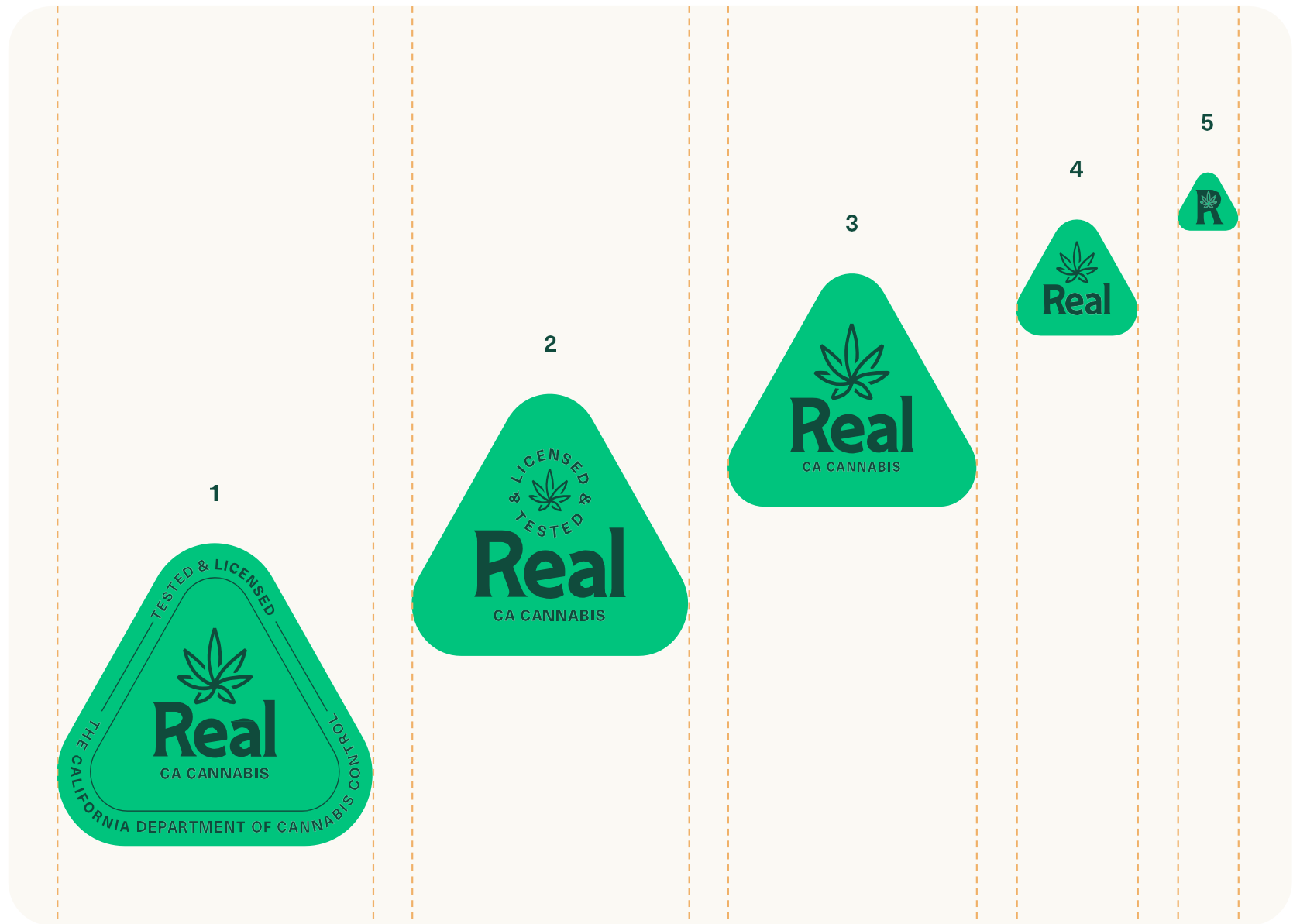
How we got to Real:

- Series of ten brand workshops, brainstorming, and working sessions.
- Audit of existing cannabis companies, campaigns, and industry terms to ensure our brand is unique.
- Landscape research for terms/phrases that have proven to inspire trust and confidence in consumers.
- Culled through over 25 options to determine our top 7. From there, we collaborated with DCC leadership to choose the top three before picking "Real California Cannabis".

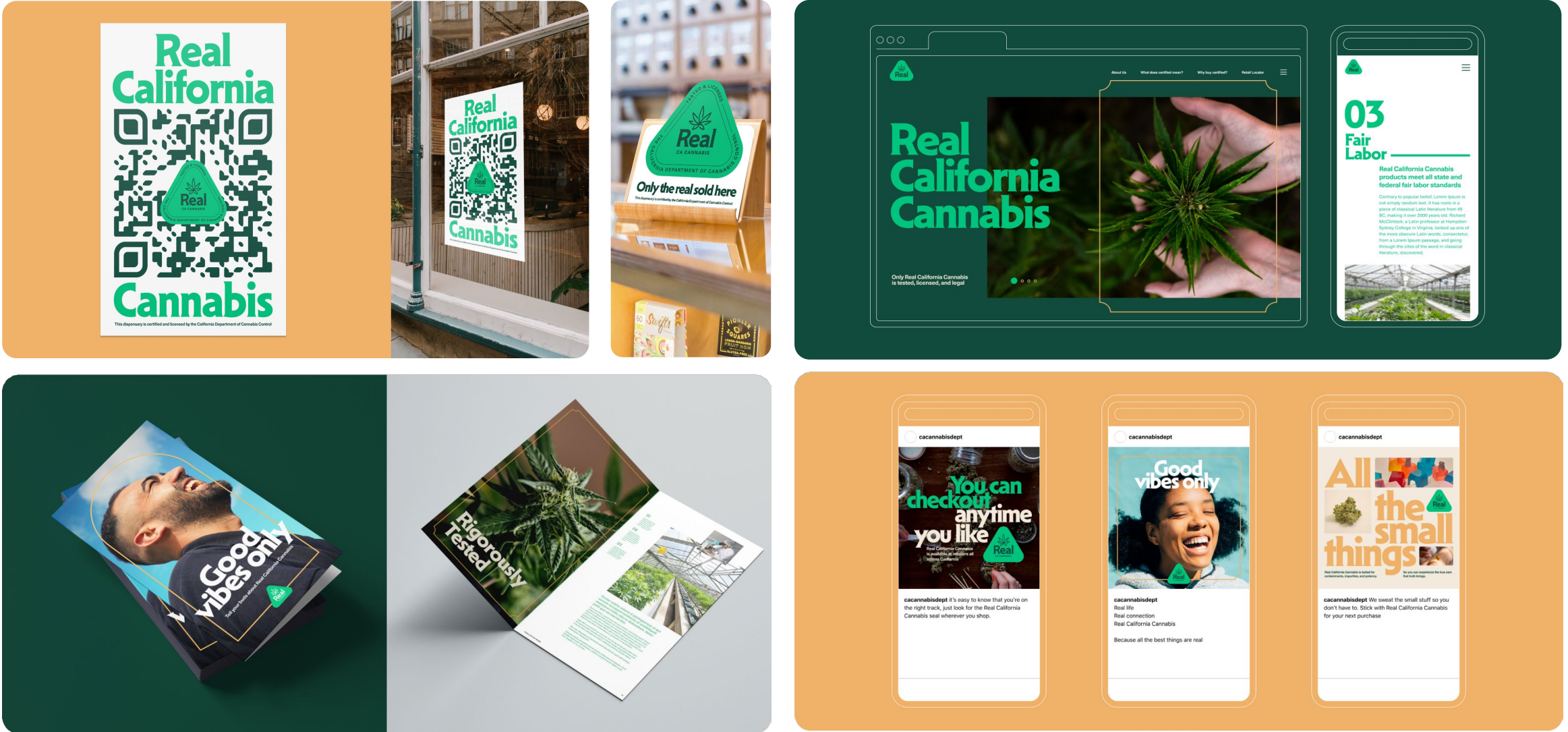
Brand Logo



Brand Logo



Branding in Action



Sample content. Not approved for external use.

Core Message Framework

Our research has provided valuable insights into the messages that will be most successful in our campaign. Below is a high-level overview of the core message themes.

The Problem

- **[TOXINS]** Illegal cannabis farms are known to use banned neurotoxins, nerve agents and pesticides that could end up in the final product.
- **[PUBLIC SAFETY]** Illegal cannabis businesses are associated with gang activity, human trafficking, illegal guns, dangerous substances, labor abuses and violent crime, and buying illegal cannabis supports criminal activity that harms communities.
- **[LABOR]** Workers at illegal cannabis farms are subjected to wage theft, physical and sexual abuse, violence, hazardous conditions and even death.

The Solution

- **[HEALTH + WELLNESS]** Medical experts and patients say cannabis can be a helpful tool to manage a variety of health-related issues. Purchasing regulated, tested products from a licensed dispensary is the best way to ensure consumers can receive these health and wellness benefits.
- **[TESTING]** To protect health and safety, cannabis sold at state-licensed dispensaries is thoroughly and independently tested to prevent consumers from being exposed to toxins and hazardous contaminants.
- **[HOME GROWN]** Purchasing cannabis from licensed dispensaries supports farmers and entrepreneurs who are building California's home-grown cannabis industry that benefits our state.

How to Verify

- **[ILLEGAL DISPENSARIES]** Illegal operators don't always appear how you might imagine – they can appear to be professional storefronts that check IDs and even include fake taxes on receipts.
- **[BEFORE YOU GO]** DCC's licensee lookup is the only reliable source for finding Real California Cannabis retailers near you.
- **[IN STORE]** All Real California Cannabis retailers must have a license number posted visibly on the storefront.

Percentage of Californians who find message(s) convincing:

Health & Wellness	78%
Testing	75%
Public Safety	75%
Toxins	73%
Home Grown	72%
Labor	67%

Phase 01: Education

**October 2023 –
December 2023**

Consumer Education

- Develop Branded Campaign Website with Consumer Retail Lookup
- Develop Opt-in SMS Legal Retail Locator Functionality
- Develop Retailer Web Badges
- Develop Geo-anchored QR Codes & Associated Landing Pages
- Design Legal Retailer QR Code Plaques
- Produce Giveaway Wallet Cards with Licensee Lookup QR Code
- Develop Real California Cannabis 101 Fact Sheet
- Recruit and Prepare Campaign Ambassadors and Spokespeople
 - CA Surgeon General, Attorney General, Licensees, etc.
- Develop Decentralized Social Media Program
 - Prioritize influencer marketing, boost conversions to reinforce impact
- Shoot & Produce Video Series + Photography
 - PSA Style, Health & Wellness, California-identity

Key Opinion Former Education

- Establish Licensee Steering Committee
- Launch On-Ecosystem Microsite
- Develop Briefing Program
- Develop Editorial Board Briefing Program
- Outreach & Schedule Editorial Board Briefings
- Planning for Thought Leader Roundtable

Phase 02: Activation

January 2024 – June 2024

Campaign Launch

- Rollout New Website & Legal Lookup Tools

Outreach

- Conduct Key Opinion Former Organization Briefings
- Continued E-Newsletter Program

Earned Media Program Implementation

- Facilitate Thought Leader Roundtable
- Conduct Editorial Board Briefings
- Reporter Pitching and Briefings Around Milestone Media Moments

Launch Statewide Paid Media Program

- Launch Six-week Ad Blitz
- Shift Ad Program to Sustainment Mode from late February to June
- Manage & Shift Campaign Placements Based on Weekly Performance Metrics
- Launch Paid Influencer Program
- Manage & Shift Paid Influencer Partnerships Based on Performance
- Utilize Influencer Content for Paid Placements, DCC Social & Web Content



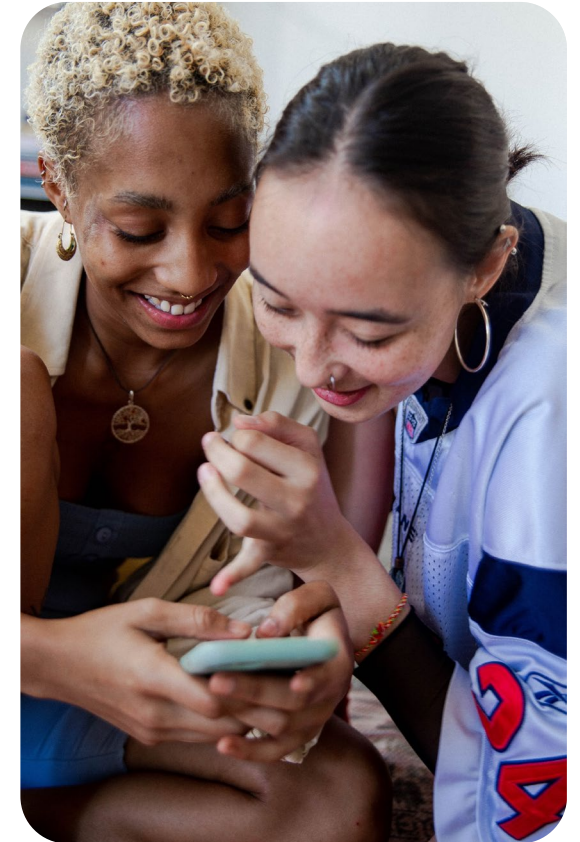
Influencer Marketing

To drive awareness of legal cannabis in California, we will recruit real California influencers who resonate with target audience segments. Through their personal narrative, we aim to gain their validation of the legal cannabis marketplace across various social media platforms. Our primary focus will be on micro-influencers on TikTok, Instagram, Facebook, and YouTube, with fewer than 20k followers because they have niche audiences, cultivate the most loyal followings and typically generate higher engagement than mid-tier or macro-influencers.

We will also maintain flexibility to allocate resources and budget towards mid-tier (with 50k - 100k followers) and macro-influencers (with 100k - 500k followers) if our campaign strategy necessitates it. Furthermore, we plan to synergistically integrate certain influencer content into our paid media strategy, precisely targeting cannabis users. This comprehensive approach will ensure that our message is not only amplified through authentic voices but also strategically positioned to resonate with the intended audiences.

Content Range	230 - 250 micro-influencer content pieces
Minimum Aggregate Followers	1,800,000
Languages	English, Spanish
Platforms	TikTok, Instagram, Facebook and YouTube

Approximately 44 percent of total paid media budget will be allocated for influencer marketing



Paid Media Breakdown – Cannabis Consumers

Social Media

25 Percent of Cannabis Consumers Budget

Social media platforms offer in-depth targeting so we can reach our audiences with varied messaging depending on their interests. These platforms will likely drive the highest number of conversions.

- Facebook
- Instagram
- Reddit

Search & Display

10 Percent of Cannabis Consumers Budget

Search is vital to capturing the ready-to-buy audience; these are people actively seeking out cannabis. Display ads are a great awareness tool that we can then use to retarget those audiences on other platforms.

- Google Search
- Google Display

Video Streaming

19 Percent of Cannabis Consumers Budget

YouTube and Twitch are two of the most popular sites for of-age Gen Z'ers and Millennials. On YouTube, we'll use pre-roll, whereas on Twitch we'll look at gamer partnerships.

- Twitch
- YouTube

Radio & Podcast

15 Percent of Cannabis Consumers Budget

Radio is still the most popular form of media. And NPR listeners are more likely to use cannabis, capturing several of our target audiences.

- Capradio
- Broadcast Radio Throughout The State
- NPR Geo-targeted Podcast Ads

Digital Platforms

09 Percent of Cannabis Consumers Budget

We need to meet people where they are searching for a dispensary or delivery service. If the platform has only legal retailers, we recommend keeping users on their owned platforms for best results, and we could create co-branded opportunities to gain new users for those platforms.

- Cannabis Dispensary Search Apps (Leafly, iheartjane, Dutchie, Eaze, Weedmaps if they comply)

Out of Home

08 Percent of Cannabis Consumers Budget

OOH is a great awareness tool and will really make audiences feel like they're seeing the campaign everywhere. We don't recommend wheat pasting because it's expensive, we can't control how long it stays up or stays clean, and the ROI tends to be low.

- Billboards (LA, SD, Palm Springs, Sacramento)
- Geotargeted Health & Wellness Stores (ex. yoga studios)

OTT/CTV

08 Percent of Cannabis Consumers Budget

Over-the-top TV and connected TV are great ways to reach audiences in a targeted way and offer viewers a way to click or scan through to take an action.

- Hulu
- Politico

**Please note percentages will not add up to 100% because there is contingency budget*

Metrics for Measuring Success

Engagement, Opinion + Awareness

Shifting consumer behavior will take years. This campaign is designed to show proof of concept and to establish the foundation for an education and outreach campaign that will need to live on for years to solidify any resulting shifts in consumer behavior. As such, we are proposing to assess both the campaign's performance and market performance as indicators of consumer purchasing behavior.

Campaign Performance Assessment

Using capstone polling and ad performance metrics to assess any shift in consumer sentiments/attitudes toward buying legal and adjust our campaign for greater impact with consumers.

Capstone Polling & Ad Performance Metrics:

- Conversions (to be defined but may include website visits, text/email signups, active searches for legal retailers, etc.)
 - Performance metrics generated from QR codes/URL via OOH, CTV, Podcasts
 - Airtime (radio) to URL visits or texts
 - All digital channels (Meta, Reddit, Google, Spotify, etc.) have built-in attribution through Urchin Tracking Module links.
- Movement in public opinion/sentiment through social listening via Hootsuite, influencer marketing tracking system & capstone polling
- Market saturation: reach + frequency
- Engagement

Market Performance Assessment

Using the CDTFA quarterly reports to track sales metrics in order to estimate shifts in consumer purchasing behavior.

CDTFA Quarterly Reports:

- Shifts in tax revenue over time

DCC Metro Data Dashboard:

- Track and trace real-time sales data