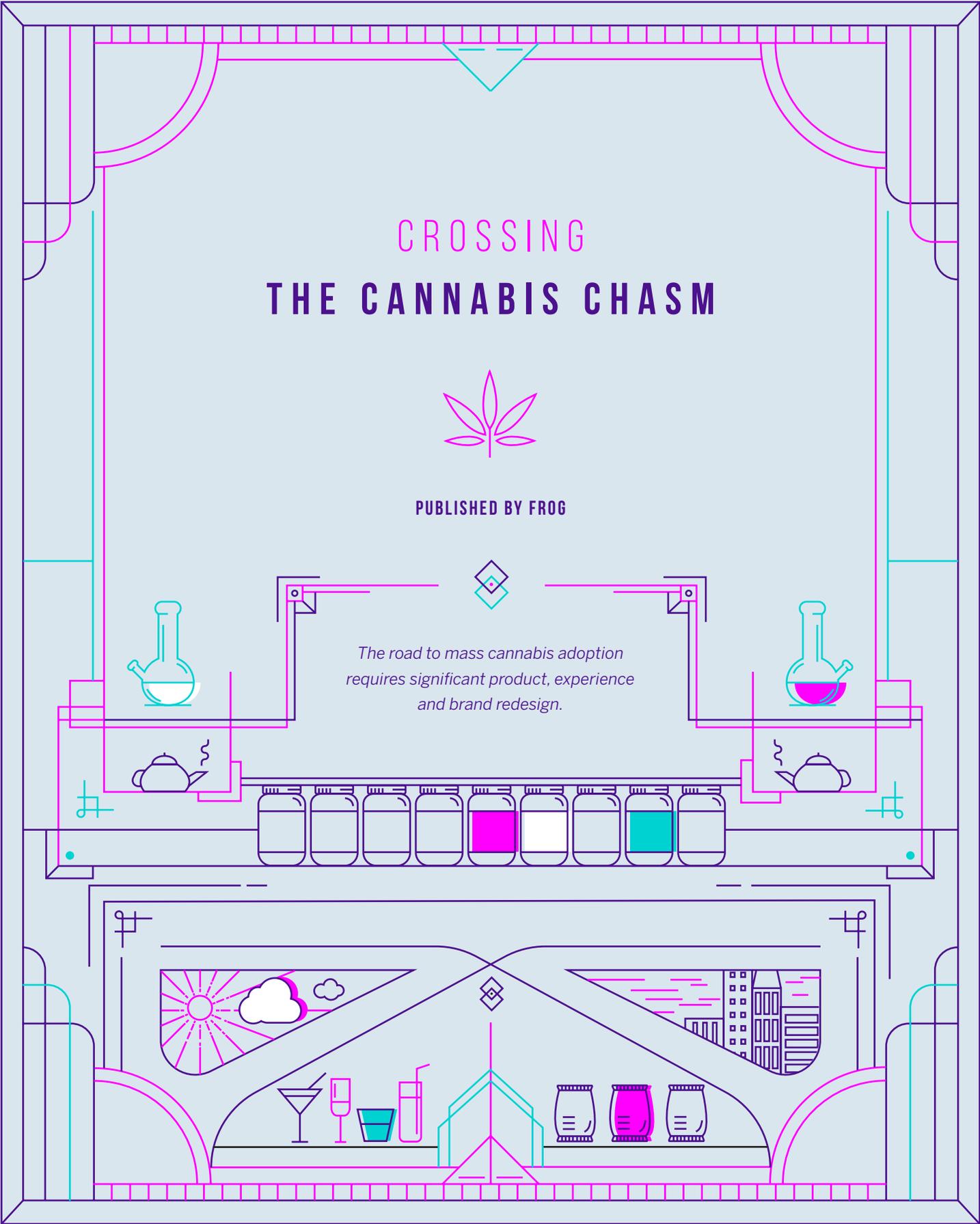


# CROSSING THE CANNABIS CHASM



PUBLISHED BY FROG

*The road to mass cannabis adoption  
requires significant product, experience  
and brand redesign.*



## PUBLICATION CONTRIBUTORS

### Writers

**Timothy Morey**, *Vice President, Innovation Strategy*

**Kristin Krajecki**, *Strategy Director, Brand*

**Sally Darby**, *Strategist*

**Sam Haddaway**, *Strategist, Data*

**Kristina Phillips**, *Strategist*

### Editor

**Olivia Murphy**, *Writer*

### Designers

**Megan Lynch**, *Art Director*

**Emily Du**, *Design Intern*

## frog

frog is a global design and strategy firm. frog transforms businesses by creating systems of brand, product, and service to deliver a better experience for your customers.

**[www.frogdesign.com](http://www.frogdesign.com)**

© 2018 frog design, inc. All rights reserved.

For inquiries, contact **[business@frogdesign.com](mailto:business@frogdesign.com)**

## Abstract

Although cannabis is now legal for medical and recreational use across 28 states, our research has found that the stigma of prohibition remains, posing a major roadblock to mainstream adoption. In this insights report, we pose three ways in which companies can optimize their efforts to remove the stigma and help bring the cannabis industry to its full market potential. The legalization of a previously prohibitive product is a once in a lifetime opportunity, and we hope through thoughtful, human-centered design tools, we can help companies make the most of this new opportunity space.

*A study conducted by frog on the acceptance of cannabis legalization and usage in the United States.*

06/

## **Introduction**

Even with a rare majority consensus that cannabis should be legalized in the US, a stigma remains around public or social use.

09/

## **The Insights**

Three strategies for bringing the Cannabis Industry to its full market potential:

- I. Grant Permission for Use
- II. Rebrand Vocabulary, Rituals and Paraphernalia
- III. Design for New Use Cases:

- Escape and Relax
- Treatment
- Wellness
- Enhance the Experience

47/

## **Conclusion**

With the proper design considerations, companies can create real change in a rapidly growing, newly legal market.

49/

## **The Research**

- I. Primary: Approach and Findings
- II. Secondary: The Cannabis Landscape

# Introduction

In an America divided on political and cultural grounds, attitudes toward cannabis are improbably uniform. Factors such as one’s age and proximity to a family member or friend who consumes cannabis most strongly determine how one views the medicinal plant. But overall, our survey of 2,195 people across all states, age groups and political leanings leads us to conclude that a majority of Americans approve of cannabis use.

Just not in public! During an initial phone conversation with one study participant, a mother of two living in Seattle (a city where recreational cannabis has been legal for almost five years), we hear her suddenly ask her Uber driver to let her out at the nearest curb. Our conversation had just shifted from friendly introductions to the intended topic of our call: her cannabis use. Seconds later she resumes the conversation as she walks the final blocks to her home. “That tells

you a little something, I wasn’t totally comfortable talking about it in front of my Uber driver!” For the next 45 minutes, in the safety of her home, she speaks freely about her childhood, bad breakups, her frequent cannabis smoking in college, her relationship with her husband, her burgeoning consulting career and her struggles with anxiety that recently led her, like so many others in her state, to visit a local cannabis dispensary.

This conversation is indicative of what we found to be a widespread agreement—even among regular cannabis consumers—that it is not acceptable to consume cannabis with colleagues or in public. Even as 28 states in the US have decriminalized or legalized medical and recreational cannabis, and 84% of the population supports medical or recreational legalization, the stigma remains with little to no difference in disapproval rates of public usage

## The majority of Americans (60%) think using cannabis in public is unacceptable.

When is it acceptable to use cannabis?	VERY ACCEPTABLE	SOMEWHAT ACCEPTABLE
TREATING MEDICAL CONDITIONS	67%	21%
RELAXING AT HOME ALONE	47%	23%
RELAXING AT HOME WITH FRIENDS OR FAMILY	41%	26%
RELAXING WITH CO-WORKERS	21%	26%
IN PUBLIC	16%	24%

between illegal and legal states. Cannabis is moving from prohibited to legal, but still has a long way to go before it moves from legal to socially acceptable.

Yet widespread legalization is well on its way in the US. With California’s laws taking effect on January 1, 2018, recreational cannabis is now legal in eight states and the District of Columbia. While it may be years until social acceptance across the US reaches the level of other controlled substances, the tide is certainly shifting toward the acceptance of cannabis as a legalized substance. For entrepreneurs and designers, this transition state where the legality of cannabis is increasing but not yet uniformly acceptable presents unique challenges. As practitioners of human-centered design, we sought to understand how the cannabis industry might evolve with growing legality—either along with social acceptance or despite it—and how design might play a role in bridging the divide between

legal and social acceptance. Along the way, we hoped to learn broader lessons that could apply not just to the cannabis industry, but to any industry.

Our research shows that the products, services and brands that have gotten the cannabis industry to where it is today will not be the ones that take it to mainstream adoption. In light of these findings, we identified three strategic actions for industry participants to take in order to reach full market potential:

1. **Grant the required permissions for consumer adoption**
2. **Move beyond “stoner” stereotypes**
3. **Design for new use occasions**

**84% of Americans support medical and/or recreational legalization.**

**Support is highest among young Americans and those in states where cannabis is legal.**

**Views on cannabis legalization**

IT SHOULD BE...	
RECREATIONALLY & MEDICALLY LEGAL	47%
MEDICALLY LEGAL	38%
ILLEGAL	16%

**Views by age group**

18-44	45-64	65 & UP
52%	45%	36%
36%	38%	43%
12%	17%	22%

**Views by current legal status of home state**

RECREATIONALLY & MEDICALLY LEGAL	MEDICALLY LEGAL	ILLEGAL
48%	46%	46%
38%	39%	37%
14%	15%	17%

# The Insights

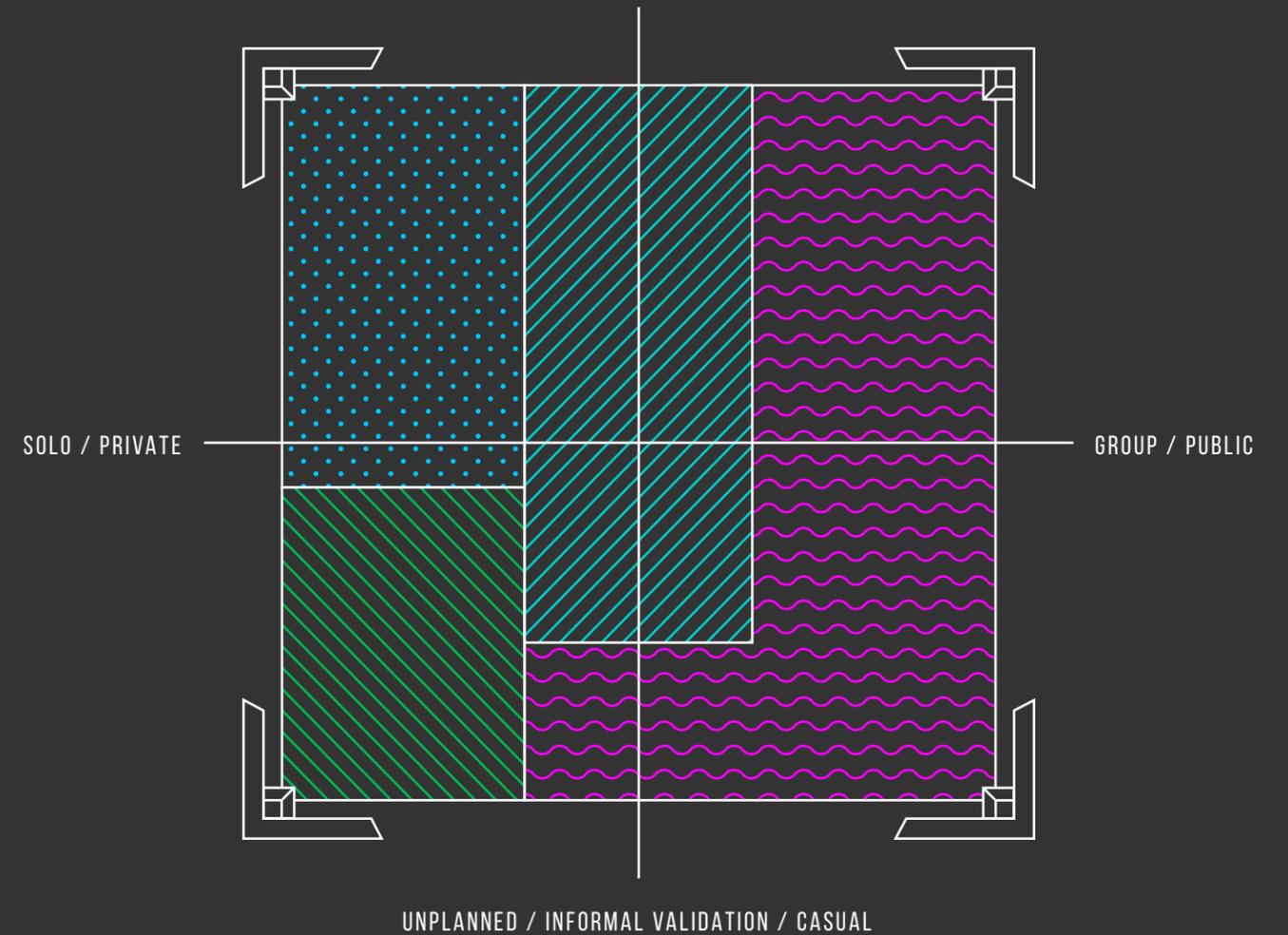
The move to legalization presents significant opportunities for entrepreneurs, designers and brands. But this once in a lifetime chance to open up a previously prohibitive market must be done right. In order to move away from the 'wild west' mentality of the emerging cannabis market, and more fully understand this vast new landscape, we've identified four use occasions that will emerge with legalization: (1) **Treatment**, (2) **Escape & Relax**, (3) **Enhance the Experience**, and (4) **Wellness**. As visualized on our matrix, these use occasions are spread from private to social settings on one axis, and official sources of authority/credibility to casual sources on the other. Like any taxonomy, there are of course some use cases that border each other, or perhaps even overlap. What's important is that companies and firms understand that each use occasion needs to be serviced differently. Understanding each one, along with how to design specifically for that occasion,

will ultimately provide firms with opportunities to differentiate their offerings and customer experience.

## I. Grant Permissions for Consumer Adoption

Before these new use cases can be adopted, the industry has to address issues of expertise and permission granting. Even as cannabis moves out of the shadows and into the mainstream, the reality for many consumers is that key permissions are still required in order for them to feel comfortable buying cannabis products. Legalization removes a physical barrier to getting hold of cannabis, but just like other "naughty" or indulgent goods, many consumers still need an additional push to let them know that it's acceptable for 'people like them' to use it. People are much more likely to consume cannabis if they are given permission, which can be

PLANNED / FORMAL VALIDATION / OFFICIAL



## Use Occasions

- ESCAPE & RELAX
- TREATMENT
- / WELLNESS
- ~ ENHANCE THE EXPERIENCE

# The majority of Americans (57%) know a cannabis user.

granted by an authority figure they respect such as a doctor, advisor or friend. In fact, new sources of authority on the above use cases are currently emerging in the form of state and local governments, industry groups, journalists, personal trainers/coaches and celebrities. But it is not solely about individuals assigning approval—permissions to participate can also take the form of a set of environmental conditions, personal experiences or credible third-party data.

For cannabis entrepreneurs and others entering the market, it is crucial to either become that permission granting authority figure, or include permission granting moments in the customer experience. Throughout this paper, we will return to the notion of permission granting and how it might fit customer journeys.

## II. Shed “Stoner” Stereotypes

Many still associate cannabis use with outdated and stereotypical representations (think the misadventures of Cheech & Chong). To counter these connotations and begin attracting new customers, firms need to create new rituals with a new vocabulary. Just as the diamond industry convinced us to spend 15% of our income on engagement rings; champagne makers taught us to celebrate with their product; and in Japan, KFC convinced the public to take home a family bucket of chicken on Christmas Eve, the cannabis industry needs to convince the greater public that it's okay for 'people like them' to consume recreationally. In each case, industry giants deliberately created a ritual and use occasion through market education and marketing. The cannabis industry needs to do the same, developing updated rituals for each use occasion.

### Do you know anyone who uses cannabis in the following ways?

RECREATIONALLY	35%
TO TREAT A MEDICAL CONDITION	29%
PREVIOUSLY USED CANNABIS RECREATIONALLY BUT NO LONGER DOES	13%
IN A WAY THAT CAUSES PROBLEMS FOR THEM	06%
I DON'T KNOW ANYBODY WHO USES CANNABIS	43%

As cannabis prohibition ends state by state, we can also look to history to understand the importance brands play in changing perception. It is difficult to imagine that alcohol was illegal in the United States less than 100 years ago; an age where flasks were hidden in jacket pockets and bootleggers shipped their product to secret establishments. Today, alcohol consumption is ingrained into our societal behaviors, from drinking a piña colada with an umbrella to start a vacation, to playing beer pong in red Solo cups while tailgating at football games. An interview with a Prohibition-era historian revealed how transparency and quality helped make alcohol acceptable enough to be served in family establishments. In an old Budweiser advertisement, the beer is touted as being of the highest quality and known by all your peers, making it not only acceptable, but desirable. Once the cannabis industry is able to re-market the substance as both acceptable and

desirable, there will be tremendous opportunity for growth within the four new use occasions.

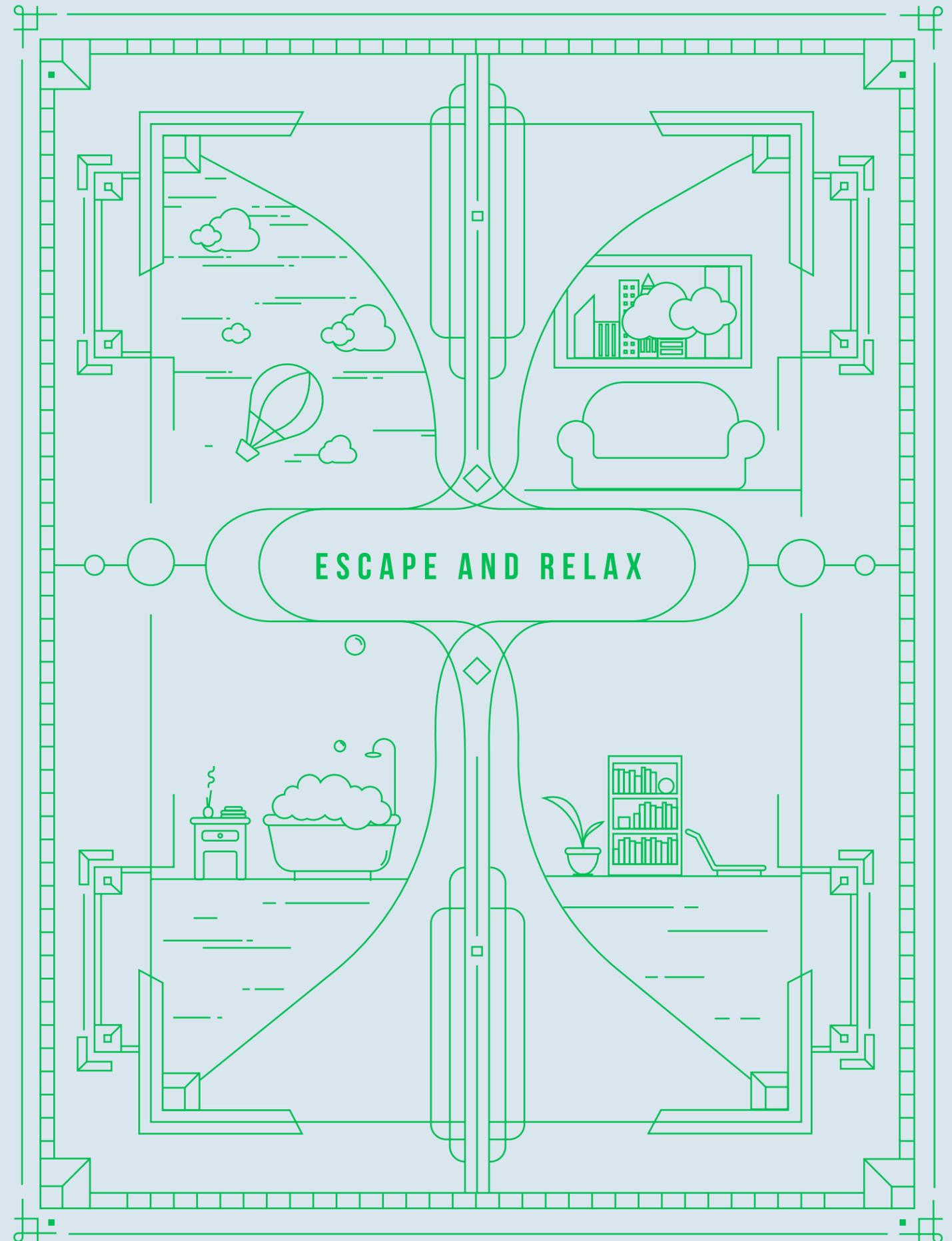
## III. Design for New Use Occasions

Of the four use occasions we've outlined above, cannabis consumers are most familiar with the current uses of Escape and Relax for entertainment, and Treatment for pain and other chronic conditions. Whether by design or chance, the sequencing of market development maps well against consumer attitudes. With 84% of Americans approving of medical marijuana, our study shows that the more familiar you are with cannabis, the more you approve. Approval is 97% among those who used cannabis within the last month, and 92% among the 58% of the population who report knowing a cannabis user.

## CROSSING THE CANNABIS CHASM

However, just 16% of Americans believe it is very acceptable to consume cannabis in public. Cannabis delivery service provider Eaze is tapping into this belief by offering home delivery of cannabis products, making it painless and discrete for consumers to buy and consume cannabis at home. Attitudes will need to

change over time for Wellness and Enhance the Experience use occasions to flourish. We believe that the tools of design and product strategy can be effectively applied to reduce the barriers to adoption and accelerate market development for all use occasions.



## UNDERSTANDING THE USE OCCASION

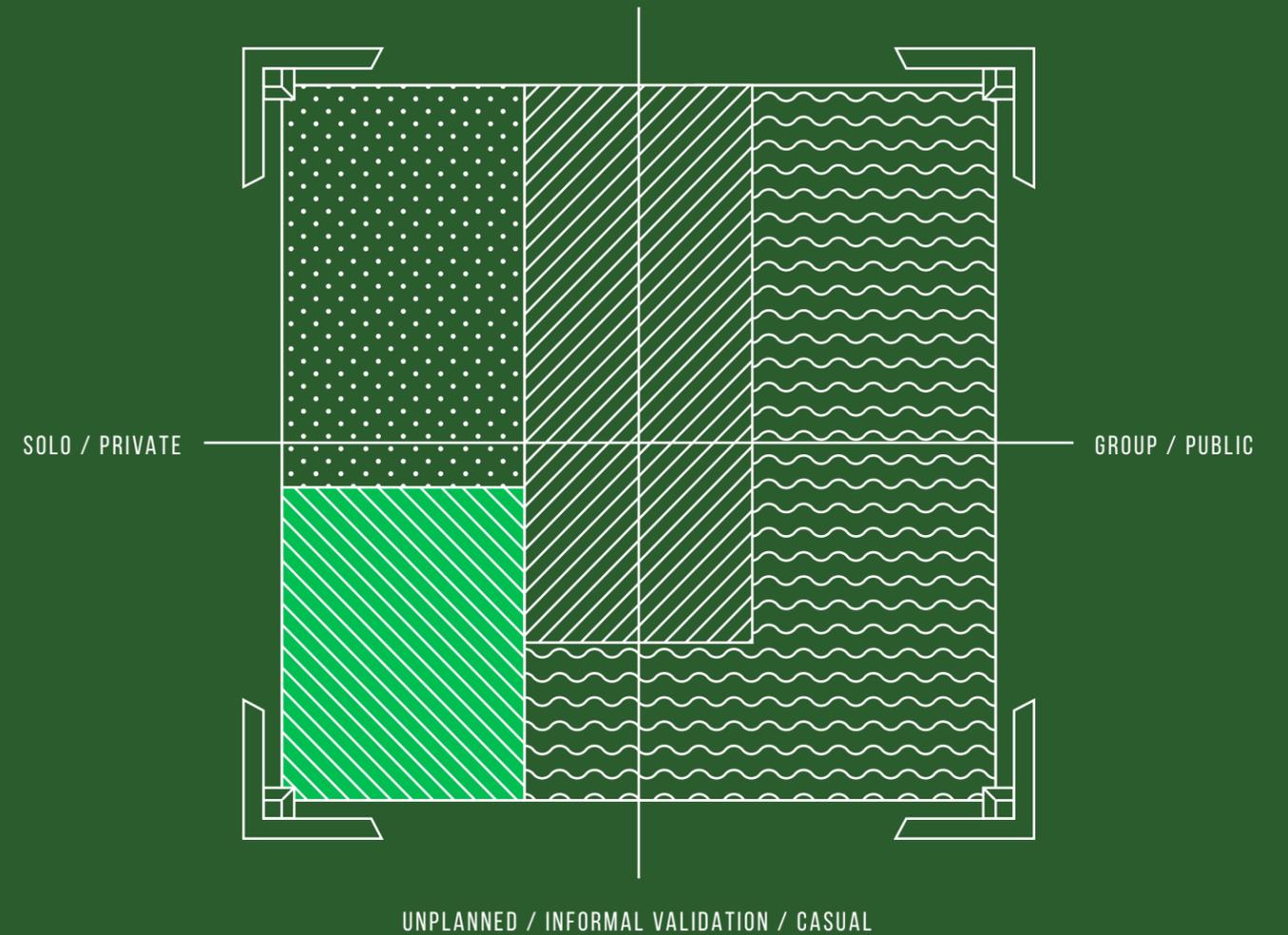
# 1. Escape and Relax

“Escape and Relax” describes the occasion for someone to privately detach from reality and their obligations by consuming cannabis. The relaxation benefits of cannabis have long been touted by mainstream influencers, and over half of survey respondents nation-wide described “relaxing” and “relaxing at home” as the most acceptable recreational use of cannabis.

For the consumers we interviewed, cannabis provides the ultimate mental escape with less negative side effects compared to substitutes like alcohol. A small business owner in California referred to her nightly cannabis consumption as her “guilty pleasure,” though she acknowledged that medical research expounding on the potentially healthy side effects of cannabis helped justify her habitual indulgence. One Seattle man in his forties we interviewed, who had been consuming cannabis for only a few weeks, spoke with us about his growing

preference for his vape pen over his usual rum and coke as his after-work ritual, citing a decrease in calorie consumption and headaches the following day. However, of all cannabis use occasions, the Escape and Relax category remains most tied to the slacker stereotype. One mother we interviewed who consumes cannabis to relax, voted against legalization in California because she believes that many people do not have the self-control to use cannabis in a productive and healthy way. Additionally, all of our research participants expressed hesitation to discuss their private cannabis relaxation habits, in some cases even with their significant other, close friends or family members. As cannabis continues to become legalized, it can evolve into a mindful solution for relaxation devoid of stigmas, but only when the right permissions are granted, and products are designed with intent for the use case.

PLANNED / FORMAL VALIDATION / OFFICIAL



## Use Occasions

- ESCAPE & RELAX
- TREATMENT
- WELLNESS
- ENHANCE THE EXPERIENCE

# Stoner culture branding was the least favorite positioning among survey respondents.

80%

FOUND STONER CULTURE BRANDING UNAPPEALING

n = 2,188 (Source: frog Cannabis Adoption Survey, 2017)

## Designing for Escape & Relax

### Friction and Stoppers

Because the primary activity of the Escape and Relax occasion is the consumption itself, we need to be cognizant to design products and routines that have a little friction to them, helping consumers control for over-use and abuse. The small business owner we spoke to who smokes nightly never advanced from rolling her own joints to smoking an easy-to-use product like a vape pen, describing her need to have “stoppers” in her ritual to keep her from over-consuming. Even the experienced cannabis users we spoke to feared the potential of abuse, by either using too often and becoming dependent, or using too much and tipping from relaxation to more severe side effects. Creating products that provide for low or customized dosing is a critical element for those who wish to consume cannabis alone for relaxation.

### Education and Expectations

Since the Escape and Relax occasion also revolves around solo use, the consumer needs the entire consumption moment to be supported by product and brand led education. Solo recreational consumers will expect to be able to understand their cannabis relaxation experience in detail, outlining the length of the experience, how the product was made and assurance of proper dosage for each individual. We spoke to a 23-year-old college graduate in Texas and a new cannabis consumer in Washington who both described how they enjoyed reading studies about cannabis that confirmed the benefits of their use and prepared their minds for future experiences. Brands should consider owning the education life cycle throughout the consumer journey of a product, not just the initial product use. Education will facilitate consumer desire to repeat and refine their next experience.

### Elevate the Experience

As part of this study, we tested the appeal of positioning statements and brand imagery. While the

Escape and Relax occasion has historical heritage, brands vying for attention in this use case will do well to stay away from bong and Grateful Dead motifs, as this imagery proved least popular in both quantitative and qualitative tests. Stoner culture branding was the least favorite positioning among survey respondents, with only 20% of survey respondents finding the images attractive. We found that when thinking about relaxation, research participants looked for nostalgic elements that were unique to their own previous experience, like edibles taking the form of favorite desserts, or experiences that reminded them of care-free times in college. Products targeting Escape and Relax occasions will find success in positioning products as a small indulgence that elevate “me time,” leading to the ultimate relaxed experience for the user.

In order to elevate the way consumers experience cannabis as a way to unwind, companies can take inspiration from food and alcohol brands that utilize rituals to make consumption special. From splitting an Oreo open and dunking it in milk, to using a special Riedel whiskey glass with a single stone ice cube, cannabis brands have the opportunity to create habits and products that help the brain further anticipate the moment of unwinding. Though the use of vape pens is on the rise because of convenience and simplicity, we anticipate that rituals for Escape and Relax experiences will give consumers increased control by allowing for customization, with a focus on craft and specialty. The coffee industry has paved the way by moving from the instant single cup machine, to creating elaborate routines for preparing coffee at home, from hand-ground beans to perfectly frothed milk. Each of these steps gives the maker an opportunity to customize equipment and create their own interpretation, which in turn increases the anticipation for the moment of indulgence.

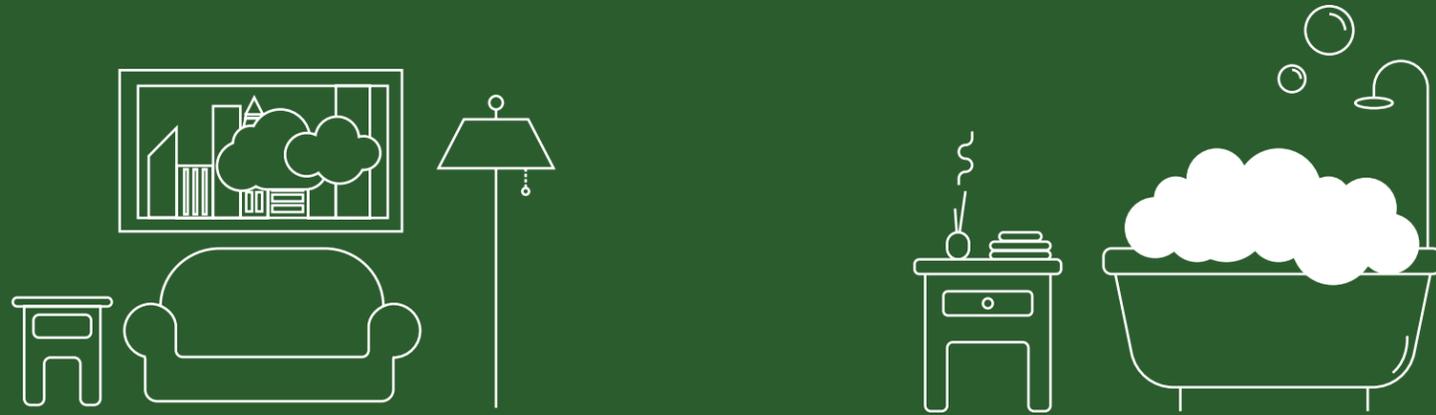
## ESCAPE & RELAX

01

### Consumers seek experiences for empty to-do lists

"Having a glass of wine with dinner does not mean I'm here to relax. There's still 30 things on my list to do. With cannabis, it means I'm going to relax and do nothing. It's for an empty to-do list."

—California parent in her 30s

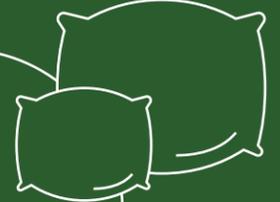


02

### Cannabis is a part of daily relaxation routines

"I don't want to dab and get all crazy. I just want to sit and drink my tea and smoke."

—California professional in her 40s

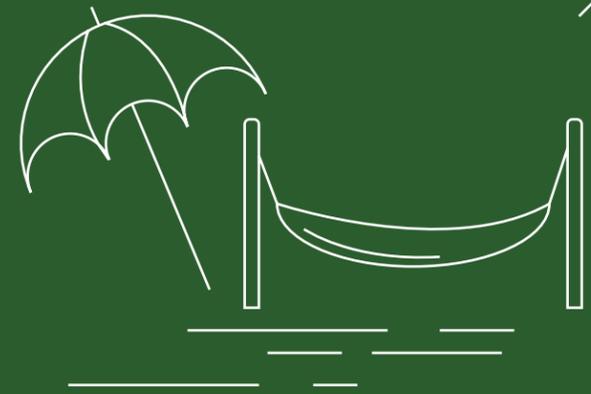


03

### Cannabis can be a small indulgence

"It's like a little reward."

—California parent in her 40s



OVER HALF OF  
SURVEY RESPONDENTS FIND  
CANNABIS RELAXING.

## ESCAPE & RELAX



### Design Guidelines

#### Permissions Granted for Use

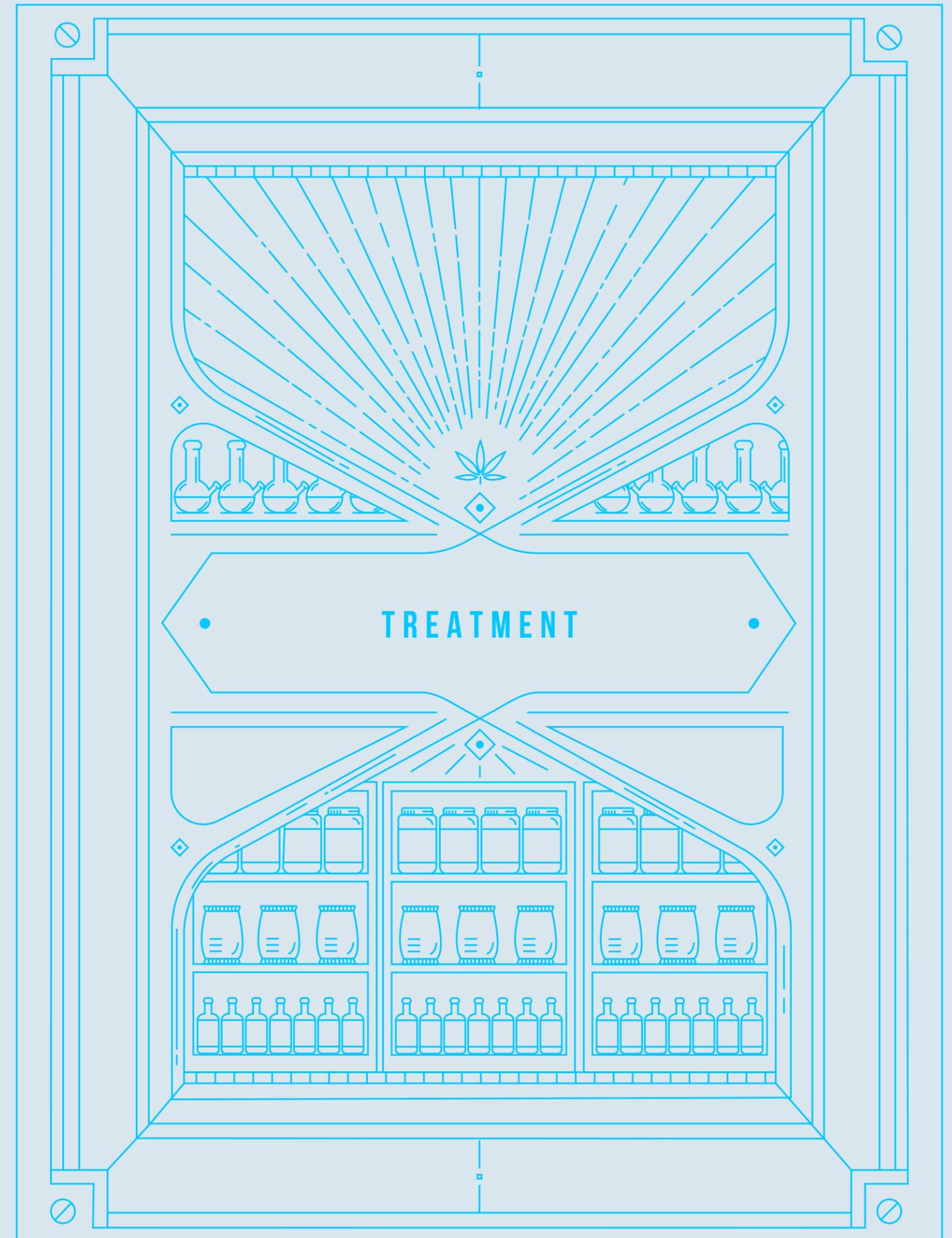
- Empty to-do list
- Understanding of the effects
- Prior consumption in group setting
- Feeling of entitlement

#### Design Principles

- Create small friction points to prevent over-consumption
- Focus on single dose/solo use
- Form factor makes use feel like a special occasion

#### Positioning Opportunities

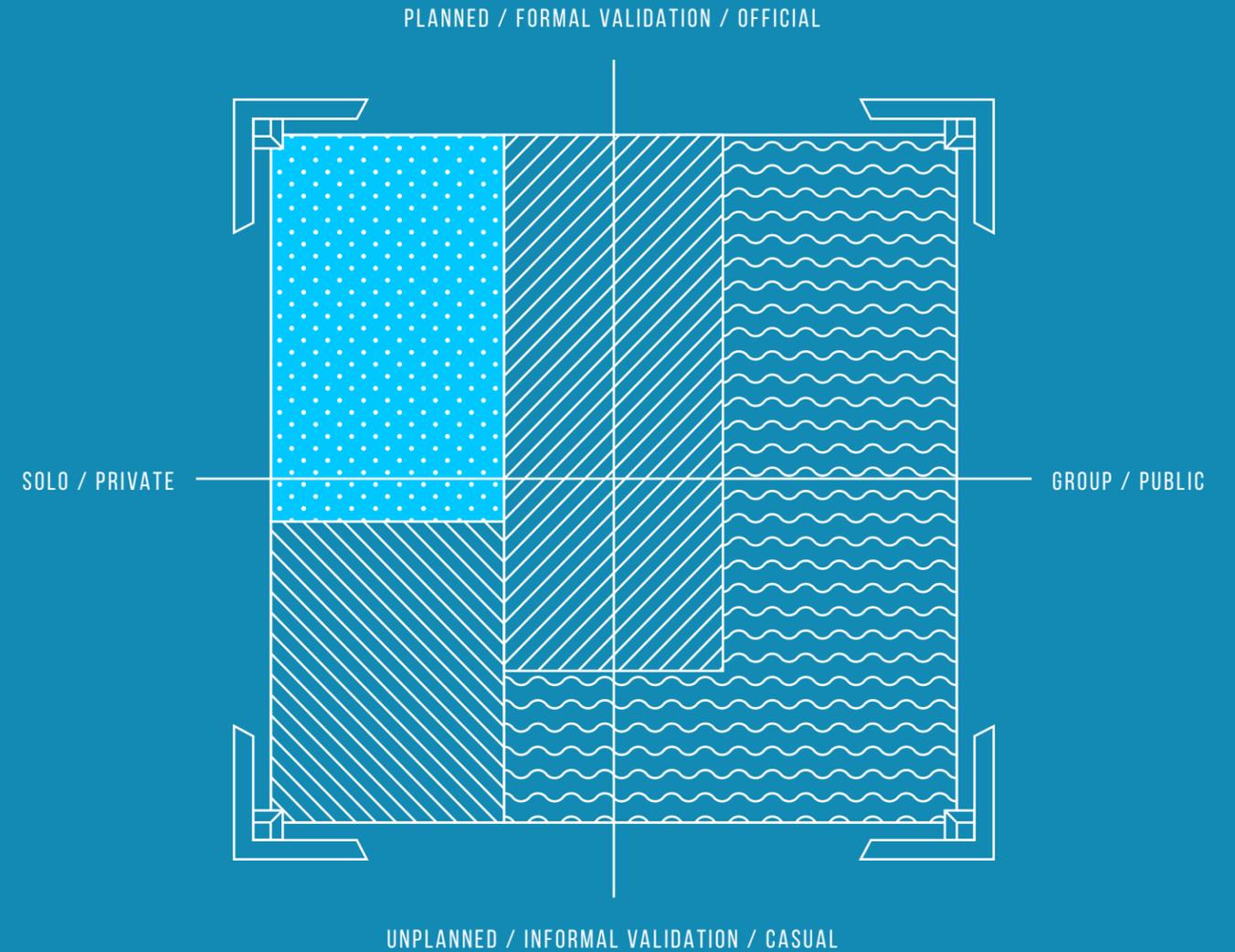
- Little indulgence
- Care-free moments
- Clean slate, rejuvenation
- "Me time"



## 2. Treatment

Belief in the medical benefits of cannabis is widely held by Americans of all ages, genders, ethnicities, political leanings and across states in which cannabis is legal and illegal. In our study, we found that 93% of people think cannabis can help those with medical conditions. As a result, we were not surprised to see that products making claims of being “clinically proven” to improve health are highly appealing. In both prohibition and legal states, consumers are motivated to use cannabis as a natural alternative to prescription drugs. For example, one research participant in the Midwest shared with us his views saying, “so many people are taking Xanax, you can dose incredibly low and accomplish the same effects [with cannabis] and it’s a natural substance.” Cannabis provides an opportunity for many consumers to take personal control and authority over their health and treatment plan in ways that traditional medical treatment does not.

We were surprised to find that the advent of legal recreational cannabis seems to offer consumers greater permission to use cannabis for the treatment of medically diagnosed diseases, more so than the legalization of medical marijuana. This may seem counterintuitive, but once recreational marijuana becomes legal, many consumers feel more comfortable to step out of the shadows and seek out information, speaking with knowledgeable retail staff at dispensaries or with their doctor and family members about their medical needs. One research participant in her late thirties, living in Seattle told us that while she suffered from anxiety and took prescription medication for this condition, she did not seek out a medical marijuana card. However, once it was legal in Washington it was something she pursued on her own, outside of discussions with her doctor. She went to her local dispensary and discussed her needs with the staff on site. She says she



### Use Occasions

- ESCAPE & RELAX
- **TREATMENT**
- WELLNESS
- ~ ENHANCE THE EXPERIENCE

## TREATMENT

simply asked the attendant, “do you have a weed version of Klonopin, and he was like yes we do.” An owner/operator of a dispensary we interviewed in Seattle confirmed that he put his staff through training in order to allow them to have informed conversations about substituting cannabis for common medications.

Recreational permission is key to medicinal use because many consumers wanted familiarity with the effects of cannabis before using it medicinally. Unfortunately, the fear of being stigmatized as having a ‘fake ailment’ and simply being a ‘stoner skirting the system’ holds many suffering from chronic conditions back from obtaining a medical marijuana card. For the consumers we interviewed, having a personal recreational experience before trying cannabis to treat a very real health issue or replace prescribed medications was a must. Even with full legalization, many medical consumers remain fearful of the repercussions of their use. A recent medical consumer in Seattle shared his concerns saying, “If I get drug tested at my job, they test for cannabinoids. There is no anonymous line I can call to find out if I will be fired for use [even though it is legal in the state].” Minimizing risk and having a level of trust in the treatment experience is key to adoption.

The final permission needed for many with medical conditions is access to credible third party validated research. Even for individuals with medical marijuana cards, the current dispensary experience often falls short of providing the credible knowledge and expertise for someone dealing with a very significant health problem. In our research, we heard consumers share stories of conducting online personal research and building up their individual knowledge base before talking to a doctor or dispensary about their needs. Consumers wanted some level of personal knowledge from a third-party source before taking a second step to medical use.

### Designing for Treatment

Designers who are creating cannabis treatment products, experiences and services need to address both the functional and emotional needs of consumers. Functionally, consumers with health ailments or conditions need validated third party research to get started, but they also need credible sources for purchase. Many dispensaries today are designed for Escape and Relax use cases, with a frumpy, haphazard appearance. To gain people’s trust as a valid source of healthcare and treatment, they need a more medical look and feel that projects authority and knowledge. The number one emotional need of consumers of medicinal cannabis is to trust in the source and the experience.

#### Trust and Guidance

To design for trust, we must make medical consumers feel in-control, knowledgeable and supported by their loved ones. Part of feeling in control is being provided with a means for self-discovery, transparency and validation. This information also acts as a tool to build belief and support among the consumer’s immediate circle of family and friends. A good example of this is from the organic baby food company Plum Organics. They provide deep information and transparency on their products in clear, easy to understand charts and graphs. They also provide product trials for parents so they can sample the product before making a big commitment to an order. If designers were to rethink the current medical cannabis experience in ways that included limited, controlled trial experiences with medical professionals’ on-hand support and provide guidance, we would remove many of the barriers to consumption today.

#### Personalization

Additionally, medical treatment is a very personalized experience. The broader medical industry is becoming more and more focused on highly personalized treatment plans, and cannabis will need to follow suit. The

Pharma's Reputation Challenge:

**It is important to point out that while the current pharmaceutical industry seems like a natural player in this space, our research found some consumer skepticism around big pharma’s involvement in cannabis based treatments.**

These concerns are rooted in the perceived exploitative pharmaceutical business model that is based on creating a drug, patenting it, and then pricing the drug as high as possible for as long as possible, excluding many from getting the care they need. Since cannabis can be grown in most every American’s backyard, the fear is that big pharma would take advantage of this natural plant and manipulate the new marketplace to their advantage. A professional in the Midwest shared his concerns saying “the [pharma] industry is very exploitative in that regard.”

## TREATMENT

01

### Trusted sources are imperative

"[For] chronic pain you're taking some heavy duty things and weaning off of that is a big deal."

—Illinois professional in his 40s



02

### Recreational legalization drives medical adoption

"Last night I was feeling high anxiety; I had a pain in my chest and I tried CBD to see if it would help, and it did. It was a medical application of it. If it wasn't recently [recreationally] legal I would not have tried it."

—Washington parent in his 40s



03

### Retail expertise is a must

"I asked do you have a weed version of Klonopin, and he was like yes we do."

—Washington parent in her 30s

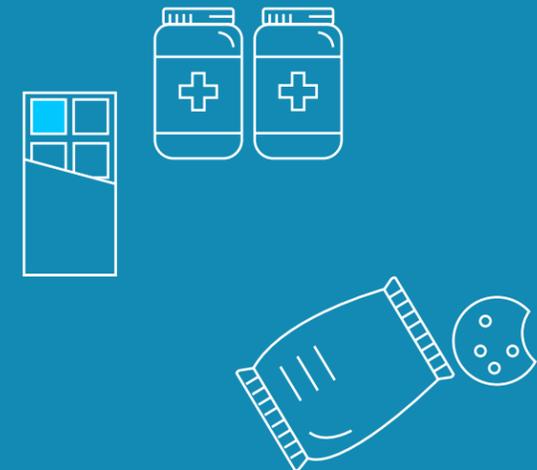


04

### Patients want personal control

"I thought, wouldn't it be great to have an emergency option, not something I would take every day [for my anxiety symptoms], but just something I can control when I buy it and its not by prescription."

—Washington parent in her 30s



93% OF PEOPLE THINK  
CANNABIS CAN HELP THOSE WITH  
MEDICAL CONDITIONS.

## TREATMENT

company Potbotics, a provider of HIPAA-Compliant medical cannabis data, is solely focused on improving the personalization of medical cannabis through their recommendation engine for users and tools for medical professionals. Medical consumers are looking to

treat very sensitive issues and the more customized the treatment can be to their specific needs and use cases, the more inclined they will be to continue their treatment.



### Design Guidelines

#### Permissions Granted for Use

- Recreational legalization
- Personal knowledge from credible source
- Familiarity with cannabis from prior recreational consumption

#### Design Principles

- Create rituals that instill trust and control
- Get personal
- Offer transparent, third party validation

#### Positioning Opportunities

- Clinically proven



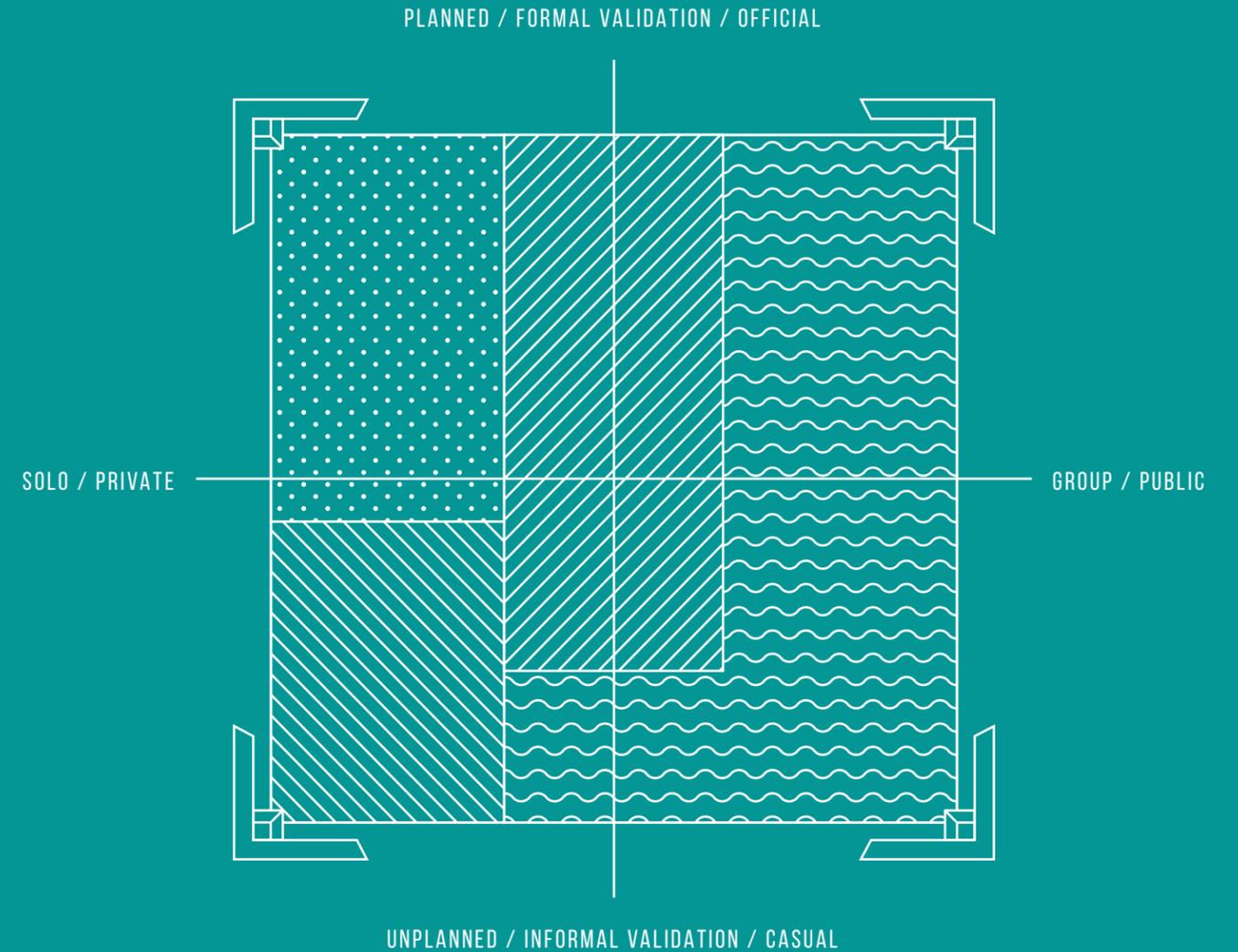
### 3. Wellness

Following the legalization of cannabis for recreational use, Wellness will emerge at scale as a new reason for cannabis consumption. Though it occupies a small area on our model, Wellness represents the biggest opportunity for consumer use and loyalty. We believe that people will start consuming cannabis on a regular basis to boost health and promote long-term well-being, just like taking vitamins or stretching. In our study, we found that 38% of respondents are attracted to the positioning of cannabis as a “wellness” product. Additionally, cannabis is seen as healthier than alcohol or tobacco, with only 35% of those surveyed associating it with the word “unhealthy.”

Many cannabis firms have already started to produce cannabis products for wellness, but without a specific need state or reason to use, both current and new consumers of cannabis will need permission to incorporate these products into their everyday lives. Research

participants across legal and prohibition states expressed interest in cannabis as an alternative, healthy remedy for ailments, with one San Francisco-based woman citing the fact that, “it’s a natural herb. It’s from the earth.” However, in states where recreational cannabis consumption is not legal, consumers lack a compelling reason to turn to a cannabis-based wellness product, as that product might pose additional risk to them. We interviewed a number of people who told us that they refrained from regular cannabis use out of fear that it could impact their employment opportunities. Legalization eliminates this type of risk for consumers and grants them permission to consider cannabis-based wellness products for regular use.

But legalization is only the first step. Users also need assurance that they will be able to stay in control and maintain a productive lifestyle after consuming cannabis for wellness purposes. Our findings indicate



### Use Occasions

- ESCAPE & RELAX
- TREATMENT
- WELLNESS**
- ENHANCE THE EXPERIENCE

## WELLNESS

# Cannabis is seen as healthier than alcohol or tobacco.

What are the top three words associated with alcohol, cigarettes and cannabis today?

ALCOHOL	CIGARETTES	CANNABIS
61% SOCIAL	80% UNHEALTHY	66% ILLEGAL
60% DAMAGING	74% DAMAGING	53% RELAXING
57% UNHEALTHY	41% COMMONPLACE	46% REBELLIOUS

n = 2,188 (Source: frog Cannabis Adoption Survey, 2017)

that this may prove more difficult for consumers who have prior experience with cannabis. A number of consumers we interviewed that had experienced getting “too high” or becoming paranoid after consuming cannabis told us they adapted by relegating their cannabis use to weekends or special occasions. These stories of people losing control also influenced how the non-consumers we spoke to thought about cannabis. A Colorado woman in her thirties who had never tried cannabis shared that she would only consider trying it when she was camping because, “it’s the only time I’m completely off the grid, I can’t get anything done anyways,” implying that using cannabis would conflict with her everyday activities. For the Wellness use occasion to gain traction, the industry will have to start building products from more appropriate strains and make advancements in personalized dosing.

Those interested in consuming cannabis for wellness will also need knowledge and instruction from credible sources, whether they be peers or formal industry experts. Our study found that 25% of people worry about the impact of cannabis on their health. We also found that people who personally know someone who uses cannabis are significantly less likely to have this concern. Legalization will open up communication channels around the topic, which will likely help to diminish the percentage of people who are worried about the impact of cannabis on their health. One Seattle-based woman recalls what it was like after Washington made recreational cannabis legal, stating “you overhear your neighbor say they went to a pot shop, and you find out your mother-in-law takes it to sleep better at night—you hear about it more and more and it becomes much more casual.” Additionally, until scientific research catches up with demand, influencers and brands will emerge as the formal authority on how to incorporate cannabis into a wellness routine. The most successful leaders will be those who have credibility outside of the cannabis space and who can leverage an existing wellness community to gain

traction, as Gwyneth Paltrow did when she incorporated cannabis products into her GOOP guide. These knowledgeable and instructive sources will help guide consumers in how to use cannabis for wellness.

## Designing for Wellness

### Consumption Control

Incumbents and new players in the cannabis industry will need to consider these permission granting moments in designing cannabis products for wellness. While products on the market today may contain active ingredients that promote positive well-being, the majority are not designed or labeled to help people achieve the critical sense of control they desire. Products targeting the Wellness use occasion will need to be much more precise and informative in order to instill confidence and a sense of control in consumers. Dosis, a relatively new player on the cannabis scene, is already emerging as a leader in this way by producing cannabis pens that give consumers a clear sense of how much cannabis they’ll be ingesting, and vibrate slightly when the consumer has reached the indicated limit. Designers will also need to find creative ways to mitigate the fact that the effects of cannabis can vary from individual to individual.

### Everyday Use

In addition to giving consumers control, cannabis wellness products must be designed with everyday use in mind. When asked, many of the individuals we spoke with during our study shared that they would prefer consuming edible cannabis products to smoking because of the impact smoke would have on their lungs. While frequent, current cannabis consumers overwhelmingly prefer smoking flowers (40-50% of Americans who consume cannabis daily or weekly preferred home-rolled joints or bongs) the vast majority of Americans perceive smoking as inherently unhealthy. A tobacco industry veteran we interviewed also pointed out that smoking is

## WELLNESS

01

### Peer-to-peer sharing drives adoption

"You overhear your neighbor say they went to a pot shop, and you find out your mother-in-law takes it to sleep better at night—you hear about it more and more and it becomes much more casual."

—Washington parent in her 30s

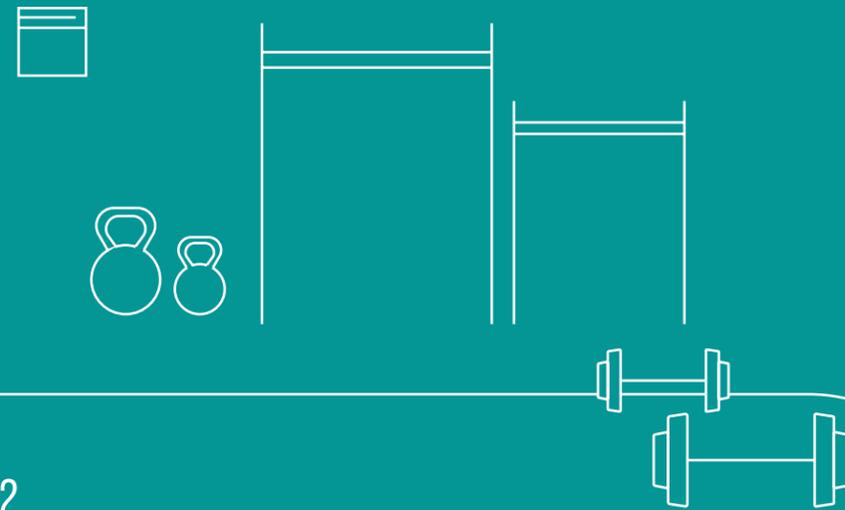


02

### Consumers want healthier products

"I feel like if I were to try cannabis it probably would be edibles, because I want to protect my lungs."

—Colorado professional in her 30s

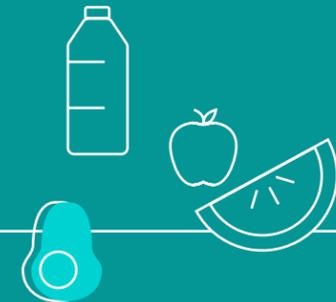


03

### Cannabis elevates current wellness routines

"I think it would be cool doing yoga while high. That seems like it would be a cool experience, since yoga is so relaxing and smoking has always been relaxing for me."

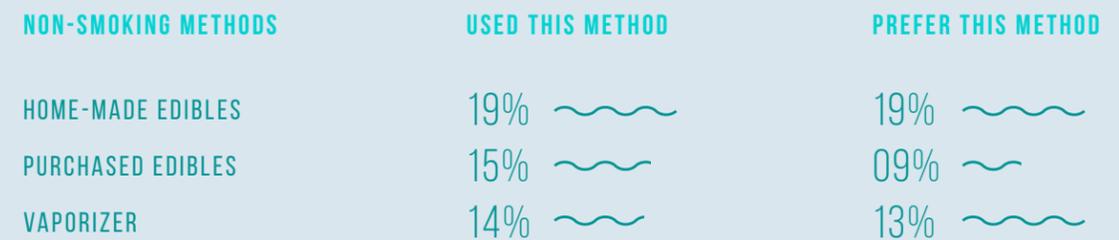
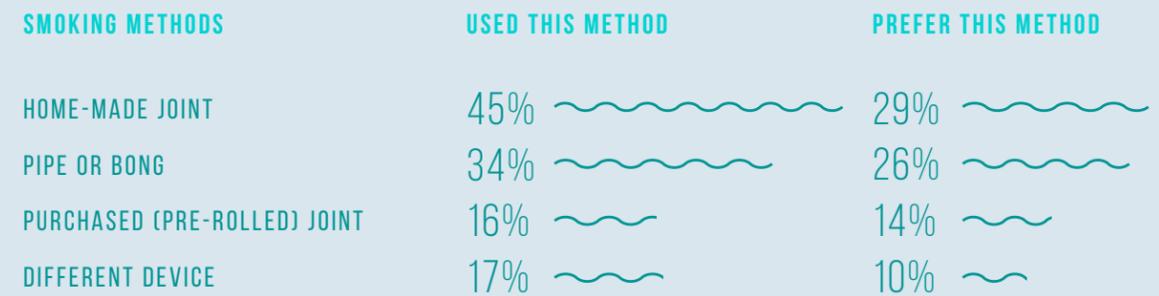
—Texas professional in her 20s



49% OF GEN Y IS ATTRACTED TO THE POSITIONING OF CANNABIS AS A WELLNESS PRODUCT

**Despite new cannabis consumption methods, traditional methods—smoking home-made joints, pipes and bong—still prevail today.**

Which of the following methods have you ever used to consume cannabis?



n = 2,188 (Source: frog Cannabis Adoption Survey, 2017)

## WELLNESS

associated with low education and socioeconomic status in the US, making it doubly challenging to promote as a wellness consumption method. On top of this, the majority of products available on the edibles market take some form of sugary chocolate or gummies, which is also not in line with the wellness message. Some cannabis firms are already recognizing this, and are experimenting with healthier product formats like juices, smoothies and teas. Kikoko, a female-led San Francisco Bay Area startup, has created a line of cannabis teas to enhance mood, reduce pain and improve sleep for consumers. Other companies like Apothecanna are breaking free from the traditional ingestion model entirely by creating cannabis infused lotions and beauty products that are well suited for regular use. Cannabis firms that are able to design products that consumers feel good about using habitually are most likely to win big in this space.

### Social Experiences

The growth of the Wellness use occasion will depend on consumers talking about and sharing their cannabis experiences with others. To foster this social aspect, designers can look to today's lifestyle and wellness models, such as SoulCycle, juicing or even veganism, that take root and grow through social sharing and community. Additionally, our study found that women (particularly those who take an active role in maintaining their health) are most drawn to the positioning of cannabis for wellness. This percentage doubled for survey participants who did up to six things regularly for their health (for example, taking vitamins, exercising, etc.). This shows that healthy, active women may be the strongest influencers in this space from the outset. Firms touting products for wellness might consider targeting these individuals as early adopters and providing them with opportunities to share their experiences with cannabis in order to help influence the broader market.



## Design Guidelines

### Permissions Granted for Use

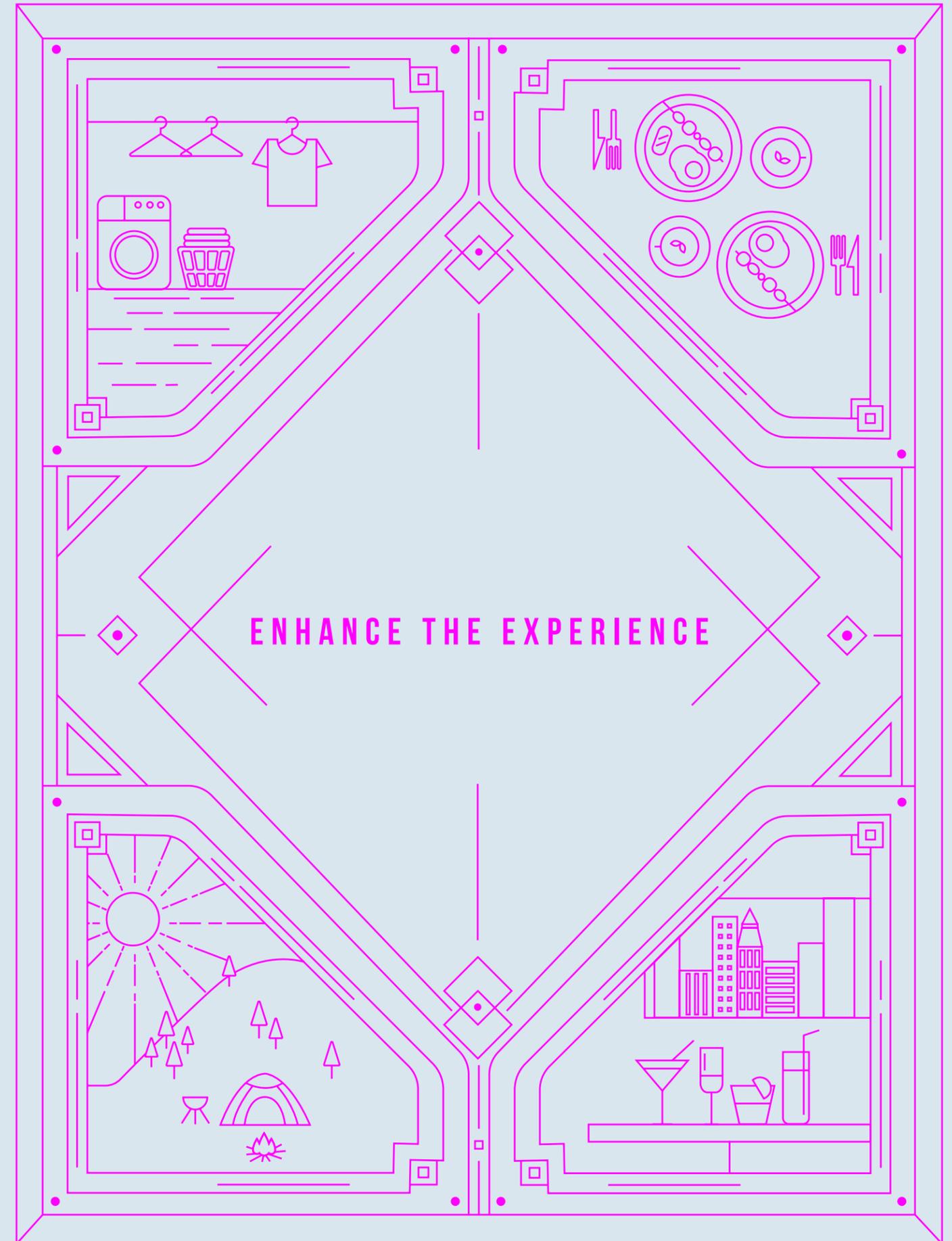
- Recreational legalization
- Guarantee of control and productivity
- Knowledgeable and instructive guides

### Design Principles

- Offer precise and clear information on dosing and health benefits
- Empower healthy, everyday use
- Foster sharing and inclusivity

### Positioning Opportunities

- Elevate your current wellness routine
- Healthy, sustainable
- Locally sourced



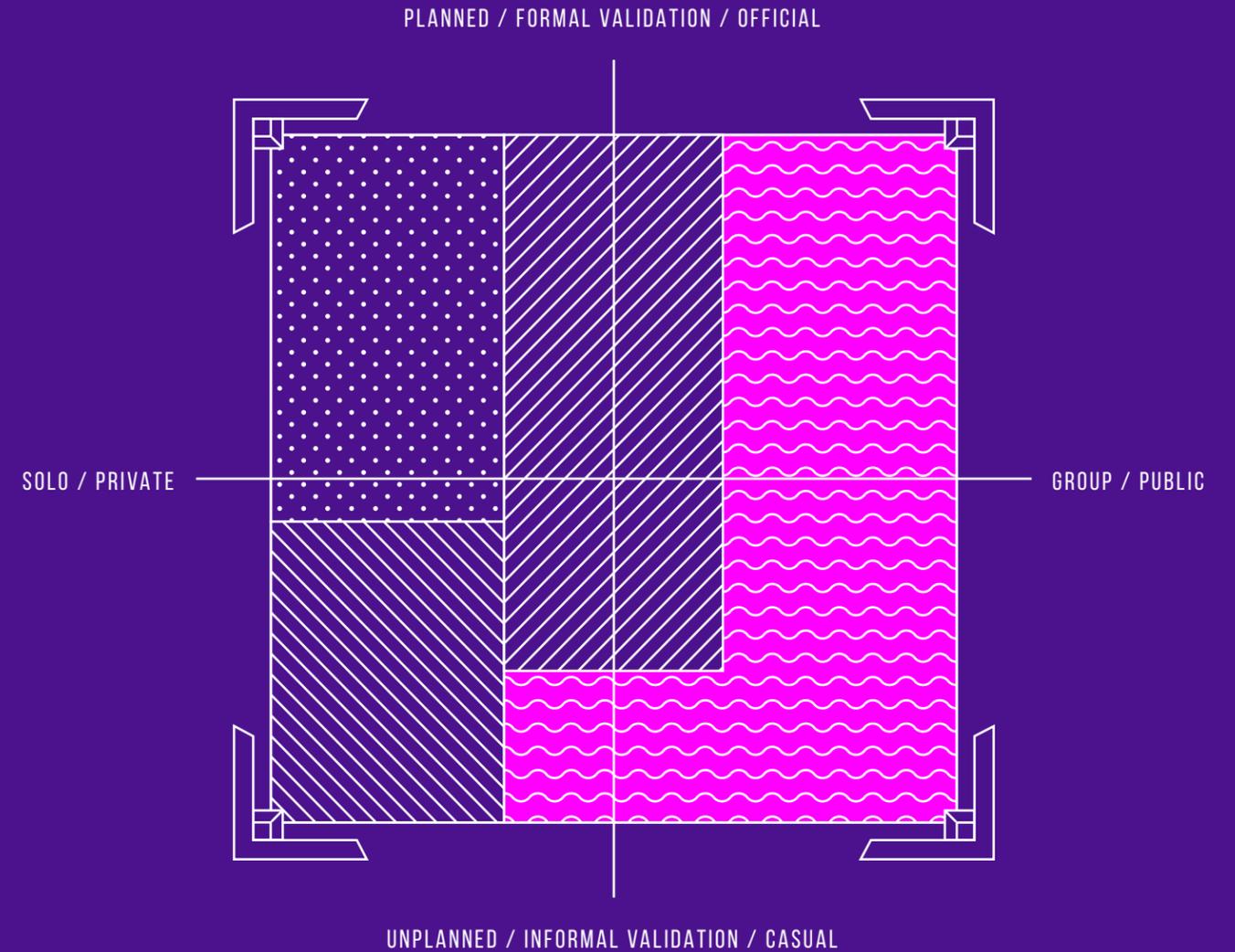
# 4. Enhance the Experience

The fourth and largest use occasion we identified is the consumption of cannabis to supplement or alter perception during solo or group activities. These occasions can take place more casually, or in legalized environments with structure and formal approval. We broadly categorize this as cannabis consumption to “Enhance the Experience.”

In ‘private use’ (the bottom left quadrant of our model), our research participants discussed how cannabis stimulated their thinking and helped them enjoy different experiences, which varied based on age and ranged from watching a movie to doing chores. A number of people in their thirties and forties that we spoke to consumed cannabis to enhance the mundane routines of daily life. One man described his Sunday indulgence of taking a store-bought edible while doing laundry, saying he enjoyed “rolling around with a little buzz while still being productive.” Another described

how he and his wife of twenty years consumed cannabis before sex, saying “it was a cool experience. It was different and exciting.”

Group use of cannabis in an informal setting to enhance an experience continues to be the most prevalent use occasion in both prohibition and legalized states. This includes activities such as music concerts, festivals, watching movies, going out to dinner and hiking. These experiences are influential because peers are incredibly important in forming opinions, and are the single biggest permission granter for those interested in consuming cannabis. 62% of survey respondents who knew someone that used cannabis believed that cannabis should be legal for both medical and recreational use, compared to only 26% of respondents who did not know any users. A 65-year-old grandfather in Maryland recalled how the use of cannabis he saw on his social network informed his

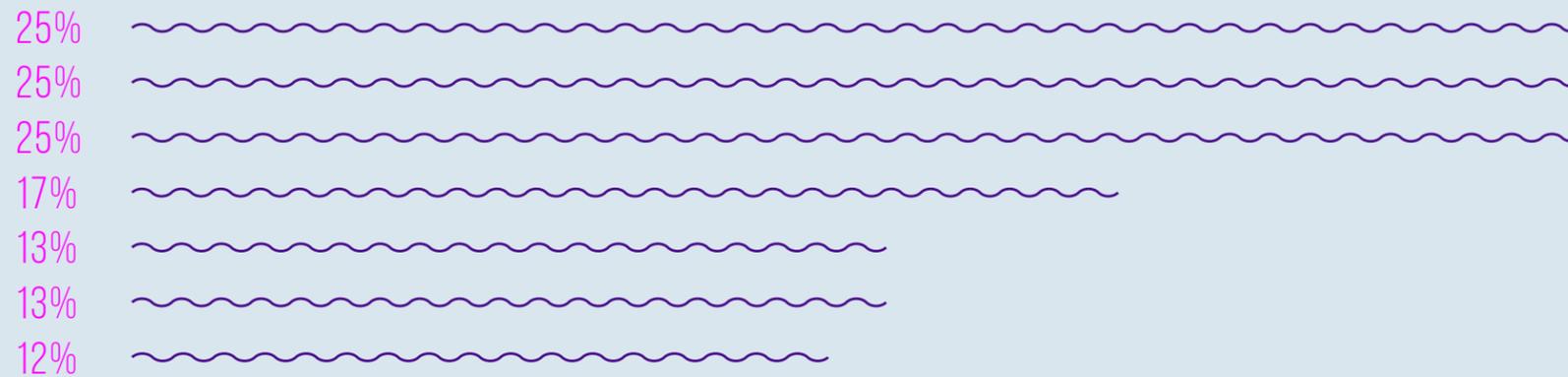


## Use Occasions

- ESCAPE & RELAX
- TREATMENT
- WELLNESS
- ENHANCE THE EXPERIENCE**

# Americans' top concerns about cannabis consumption revolve around legality, health and social acceptance.

What are the top concerns about buying or consuming cannabis today?



**NOTE** Many respondents expressed no concerns due to the fact that they are non-users.

- INDIRECTLY SUPPORTING DRUG CARTELS
- IMPACT ON MY HEALTH
- FEDERAL GOVERNMENT CRACKDOWNS
- I DON'T KNOW ENOUGH ABOUT CANNABIS TO KNOW WHAT TO BUY
- IMPACT ON THE HEALTH OF MY COMMUNITY
- WHAT MY FAMILY/SPOUSE/KIDS WILL THINK OF ME
- WHAT MY EMPLOYER WILL THINK OF ME

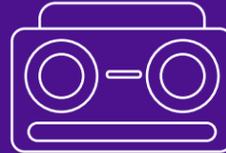
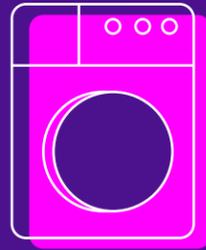
## ENHANCE THE EXPERIENCE

01

### Cannabis can enhance mundane tasks

"We have some edibles in our freezer that we take when sometimes when we have to rake leaves or do chores around the house."

—Minnesota professional in her 30s



02

### Cannabis can energize celebrations and special occasions

"It's for Vegas, concerts, bachelorettes... having a big night out with girlfriends. We are in the mood to party."

—California professional in her 30s

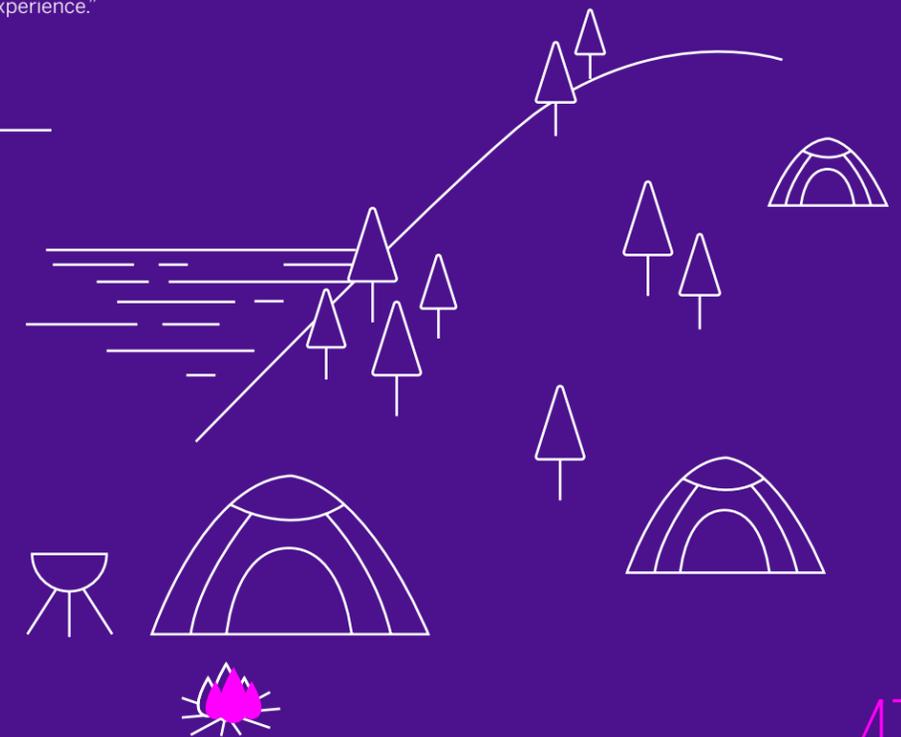
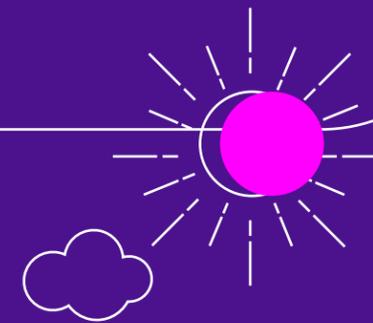


03

### Cannabis can accompany healthy, energetic activities

"A friend of mine bought some cannabis infused candies and went kayaking in Colorado. They talked about how much better it made the experience."

—Maryland grandparent in his 50s



COMPARED TO BABY BOOMERS, MILLENNIALS ARE TWICE AS LIKELY TO FIND CANNABIS ENERGIZING AND ENTERTAINING

## ENHANCE THE EXPERIENCE

opinion about use and legalization, stating that “being around a lot of accomplished people, working hard... makes you think, what’s the difference between weed and a beer?”

Once permission is granted, cannabis can act as social lubricant for users. Two female study participants described how cannabis reduced anxiety and self-consciousness in relaxed hangouts with friends. One woman described how cannabis helped her be vulnerable and deepen her connections; “I feel like I am able to be more personable when I use it... I have deeper conversations.” Both women specifically looked for products to increase the “giggly” parts of a social experience, consuming cannabis for “bigger occasions, like bachelorette parties or big girlfriend get-togethers, when we are in the mood to party.” Research participants discussed the importance of “catalysts” like this needed to consume cannabis in social settings.

The emergence of public, formalized occasions to enhance an experience with cannabis opens up new business opportunities in areas such as fine dining, painting classes and outdoors activities. There are tremendous opportunities for creative entrepreneurs to design new services and products in this category, but there are also some hurdles to overcome. One of the biggest is public perception, with 60% of Americans agreeing that public consumption for entertainment is not an acceptable use of cannabis. Another is the vulnerability around consuming cannabis with those that do not also consume it, which limits the ability to welcome newcomers to the activity.

### Designing for Enhance the Experience

Just as alcohol transformed after prohibition, cannabis too has the potential to evolve into a wholesome activity that can be enjoyed to enhance any experience, from going to a concert to doing

Sunday chores. When designing for Enhance the Experience occasions, companies can create rituals that reduce the stigma of cannabis by focusing on facilitating connection between the community and creating advocates out of customers. Starbucks writes your name on your Tall Veranda coffee, taking the first step in helping you create community inside of your local coffee shops, and KitKat taught us that chocolate is more fun when shared with friends, creating the perfect bar that breaks into shareable pieces. Cannabis brands can create products that facilitate the same sharing ritual in the community.

Retail spaces are paving the way in creating welcoming, educational spaces for networks of cannabis users to maximize the benefits of their cannabis experiences, turning them into evangelists for branded rituals. The research participants we spoke to in legalized states described how much they depended on budtender knowledge and recommendations to have a good experience, comparing a local dispensary to a neighborhood coffee shop. However, shops have one chance to get it right with customers or lose their business forever. A few research participants described negative experiences with budtenders who either made the consumer feel stupid for asking questions about products and dosage, or were simply too stereotypically “stoner” to relate to. Retail can continue to lead the way in welcoming new customers to cannabis by not only providing top-down education, but also encouraging connection between the cannabis community to educate one another. Interactions with a heavily personalized touch, even in the digital realm, can capitalize on the important notion that people are much more likely to think cannabis is acceptable if they know someone who consumes it.



## Design Guidelines

### Permissions Granted for Use

- Peers that consume cannabis and can offer advice
- Spaces and entertainment that is void of stigma
- Trusted influencers outside the cannabis space

### Design Principles

- Facilitate bonding over shared experience
- Anchor in familiar experiences but encourage continued exploration
- Create safe spaces for sharing and discussion

### Positioning Opportunities

- Find your tribe
- Explore untapped potential

# Oh, The Places You'll Go!

Americans are looking for a hero product, and cannabis, with its medical benefits and limited side effects, is the right product at the right time. Because of this, cannabis is poised for a rapid increase in adoption across the four use cases we have outlined. Entrepreneurs, designers and marketers can accelerate adoption through the strategies outlined, namely building permission granting occasions into the customer journey, designing products tailored to new use occasions, and creating new rituals, vocabulary and paraphernalia around cannabis use.

To gauge the scale of this adoption, we can look to the Bass Diffusion Model, which uses two coefficients to predict the adoption of new categories of products and services. The first is the external influence of advertising and media. With increased legalization, there is a flood of media coverage in the mainstream press, from business articles to TV pieces. This

normalization builds credibility at an unconscious level for many consumers. The second, stronger influence is the 'word of mouth' effect, and this is where our recommended strategies come in to play. The majority of Americans probably have a friend in a state where cannabis is legal. Many have friends or extended family members who use cannabis to treat some ailment. As people begin to hear from parents and grandparents how cannabis changed their life for the better, or neighbors and colleagues mention their recreational cannabis consumption, it serves as a form of permission granting, reassuring consumers that it is appropriate for 'people like them' to consume cannabis. The industry needs to meet this shift in consumer demand by providing products for new use occasions. The mass market is unlikely to ever become comfortable with the brands, vocabulary and paraphernalia of the legacy cannabis market, but will embrace messages around enhancing wellness,

being clinically proven for treatment and being locally sourced by trusted growers.

Cannabis entrepreneurs and legacy producers have a window of opportunity due to the confusion created by state by state legalization and federal prohibition. Cannabis legalization is not a partisan issue, in that it has supporters and detractors across the political spectrum, but there remains a philosophical divide between old school drug warriors and industry advocates. While the momentum is shifting towards the legalization of recreational cannabis, there will be ebbs and flows in this process, creating uncertainty. Big agriculture, pharma and alcohol are eyeing the market but are unlikely to enter until the law is clear. In the meantime, we expect to see a thriving culture of innovation as current market participants experiment with new products, brands and use occasions.

# The Research: Study Methodology

## I. Primary Research:

This study was conducted between October and December 2017, and consisted of three inputs: a national survey of 2,195 Americans, interviews with 9 subject matter experts, and interviews with 9 consumers.

### National Survey

We conducted an online survey of American adults 18 years and older between October 10th and 13th, 2017. Respondents were selected to obtain a range of responses across states and ages. Respondent ages ranged from 18 to 99, and responses were obtained from all 50 states and Washington, DC. We created survey weights according to 2010 Census estimates of age group in order to generate estimates that are nationally representative in age group, gender and region; these weights have been used to calculate all national level estimates presented in this paper.

### Expert Interviews

Our 9 interviews with subject matter experts were conducted in August and September 2017. Experts included a cannabis chef, a testing center employee, an industry analyst, a dispensary employee, a product manufacturer, a grower, an industry association executive and a historian. Experts were located in Virginia, Washington, Colorado and California.

### Consumer Interviews

Our 9 consumer interviews were conducted in November 2017 with cannabis users and non-users. Participants were located in California, Washington, Colorado, Texas, Minnesota, Illinois and Maryland. Two interviews were conducted in-person, with the remainder completed over phone.

## II. Secondary Research

### The Cannabis Landscape

While cannabis products and experiences are shaped by demand—consumer needs and preferences—the market is also shaped by supply—regulations and industry norms by which firms operate. Our research focused primarily on consumer demand, but the industry experts we interviewed invariably mentioned the numerous supply barriers of building and operating cannabis businesses, which continue to shape the market, both in recreational prohibition and legality. These challenges have been widely covered by others, but we believe design can play a role in helping firms overcome these barriers. Commonly-cited supply barriers include:

### Financial

Firms face significant financial barriers in both starting and running their businesses; these remain largely unchanged when a state moves from recreational prohibition to legalization. Access to seed and venture capital remains extremely limited, even in legalized states, due to the continued federal illegal status of cannabis. Concerned about the potential for federal enforcement, most banks and venture capitalists steer clear of the cannabis industry, forcing the majority of firms to bootstrap their businesses with private capital. Even when up and running, firms face numerous financial barriers. Banks' reluctance to serve firms means that cannabis remains largely a cash business, and successful firms face significant logistical challenges—and risk—in moving large amounts of cash. Additionally, moving cash across state lines remains prohibited, so firms must stand up entirely separate operations in each state that they wish to operate within.

### Legal

The federal legal status also impacts firms' ability to advertise their products and services to consumers. Large online ad platforms such as Google and

Facebook prohibit cannabis advertisements, forcing firms to advertise using more traditional, less targeted methods. In San Francisco, bus advertisements and billboards have become the methods of choice for firms, though they face continuous public scrutiny. In November, the city voted to remove advertisements from public transit. Even when states enter legalization, they generally do so with heavy restrictions on advertisements that limit firms' ability to promote their products. An expert we interviewed in Washington said that the regulations around advertising have lent increased importance to the product packaging: "One problem is you can't advertise really, so a lot of the main advertisements they can do is on their bags."

### Safety

Several stakeholders we interviewed expressed employee safety concerns unique to the cannabis industry. Employees carrying large amounts of cash on behalf of the firm are particularly vulnerable to theft and attack, increasing liability. And when crimes do occur, firms face limited enforcement and difficult tradeoffs. A grower we spoke to operating out of Northern California spoke of a recent incident in which a truck carrying inventory was robbed, causing him to have a long internal debate over whether or not to report it. Cash losses are nearly impossible to recover, and firms face difficult tradeoffs when reporting incidents such as this, balancing the moral responsibility to report incidents and trying to recoup their losses, with the possibility that reporting an incident to authorities may increase scrutiny on their business and threaten their entire operations.

### Supply Limitations

Legal states limit the size of farms or restrict the number of permits for large scale operations, forcing operations to remain small scale, limiting the growth of the supply. Large dispensaries face challenges in maintaining consistent inventory, are prohibited (in Washington) from vertically integrating, and as a result

## APPENDIX

are forced to source similar products from multiple growers. This can contribute to an inconsistent quality, which means that a product sample tested may not be fully representative of the final product that is sold in dispensaries. Firms also expressed concern over growers' technical ability to produce consistent quality and potency in their products, especially when they rapidly increase in scale post-legalization. One Colorado grower spoke of the challenges of another farm that grew too fast: "One of our trimmers was a pesticide applicator there and he refuses to smoke any of the weed they put out because they're constantly spraying it with so much shit and their grow is so big that they can't root out any of their issues. They're

constantly fighting an uphill battle and treating their product in any way they can."

The financial and operational barriers of running a cannabis business present serious risk to companies operating within the industry. Furthering the challenge is the fact that these barriers are in a state of constant flux as regulations continuously evolve within states as they wrestle with regulating an entirely new industry. Firms must constantly balance these often unpredictable supply barriers with demand barriers posed by changing consumer views and needs.

What kind of product is cannabis anyway?

**In California, cannabis is considered an agricultural product, allowing for a wide degree of variation in the product and less precision.**

In contrast, if cannabis was considered a pharmaceutical product, it would require a more controlled customer experience and tighter regulation. Like most agricultural products, industry experts predict that there will be a commodity market in cannabis but also regional protections for brands and standards. We will see the emergence of certain strains, growers or regions with a cult following, able to command a premium for their product. Appellations are being defined in California, but won't be in effect until 2022, so there is concern that unscrupulous growers and firms may patent existing varieties. We expect to see objective, third party standards around quality and provenance to emerge, as well as industry defined standards on the meaning of terms such as "hand-crafted" and "locally sourced."

frog is a global design and strategy firm. frog transforms businesses by creating systems of brand, product, and service to deliver a better experience for your customers.

[www.frogdesign.com](http://www.frogdesign.com)

For inquiries, contact [business@frogdesign.com](mailto:business@frogdesign.com)

© 2018 frog design, inc. All rights reserved.

