weedtailor
personalizing weed

Innovating on the Saturated Cannabis Market
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Problem & User Need

In the rapidly growing and saturated marijuana industry, dispensaries can no longer differentiate themselves based on products alone. Dispensaries struggle to maintain a loyal customer base, succumbing to daily deals to retain customers and spending upward of 30% of their revenue on ineffective marketing channels. Cannabis consumers are unresponsive to daily deals and marketing, buying from many different dispensaries to find the right cannabis product catered to their unique needs.

Current Alternative & Shortcomings

Dispensaries in the Bay Area currently spend upwards of 30% of their revenue to acquire new and retain old customers. To stay competitive amongst other dispensaries, dispensaries offer a variety of daily pricing deals for new customers and loyal customers. Customers are currently looking for products with the highest THC content at the lowest price point. Consumers aren't finding the right products for their desired experiences, and jump around to different dispensaries, causing dispensaries to constantly need to acquire and re-acquire customers.

Solution

We are creating a platform and recommendation engine that curates cannabis products best suited to users' preferences based off their medical histories, mental health backgrounds, and previous purchasing decisions.

For the dispensaries, our recommendation engine outputs products tailored for users' needs that will increase their discoverability and the likelihood that customers will return to them. As our platform receives user feedback, our engine will learn to recommend better products from that dispensary, increasing their volume and customer retention rate.We will offer the recommendation engine through our website, weedtailor.com, as well as through a mobile application. Dispensaries can use our platform as a one-stop solution to market, distribute, and host their entire inventory through our API.

Our Unfair Advantage

Carlos Sanchez is the CEO of Weedtailor. For three years now, Carlos has been running an award winning marijuana dispensary in the Bay Area (Green Team Cannabis Collective.) He has a wide network within the industry, including key leaders in the cannabis supply and demand chain. Since the Green Team has 600 monthly customers and $1.8 million yearly revenue, it will provide us a key entry point into the retailer's aspect of the cannabis market.

Positioning via other Competitors

Our main competitors are Leafly, Weedmaps, Yelp and Google Adwords, which are platform where dispensary owners promote their products. However, these platforms mainly host reviews on the products and dispensaries, and not generate products best suited for a marijuana users' needs.Our key difference is that we are a platform dedicated to providing tailored recommendations suited for the user's desired cannabis-consuming experience.

Market Size

In 2016, the cannabis market in the United States was evaluated at $7.1 billion. The annual growth rate of the legal cannabis market is 25%, the fast growing industry since the .COM boom. We are targeting US cannabis services, which in aggregate made $7.1 billion in yearly sales. As more and more states legalize marijuana, time is of the essence to invest in this rapidly growing and revolutionary industry.

Business Model

We are operating on a freemium business model. For our users, the marijuana consumers, access to the Weedtailor platform is free of charge to establish a foundation for future transactions.

For our customers, the cannabis dispensaries, we will charge a transaction fee on all sales made through our platform and an advertising fee. We will charge a 5% transaction fee on each marijuana product sold, in which the average product costs $88, and the average user buys three times a month. Therefore, each transaction we make $4.40. Each month, we also charge $1000 for each dispensary to advertise on our platform.

We have calculated that the acquisition cost for a dispensary to join our platform is $17,612. We will generate $13,090 of revenue per dispensary per month, which is $157,080 of revenue per dispensary per year. After accounting for fixed costs, such as salaries of employees and dispensary acquisition, our net profit per dispensary per month is $11,172, and per dispensary per year is $134,068.

Go-to-Market Strategy

In our first year of operation, we will target and form an alliance with our CEO's dispensary (Green Team) to gain initial traction from the Green Team's loyal customer base. In year 2, we will target 50 premium dispensaries in CA, such as SPARC and CRAFT.

For our first year we will promote our platform through the Green Team. In the first quarter of our second year, we will partner with dispensaries, hopefully incentivizing them to redirect their customers to our platform. Our sales funnel starts with how many dispensaries we can ask to join our platform, how many agree to pilot, and how many agree to continue after the end of the first quarter. By entering this sales funnel, dispensaries will reap the benefits of joining our platform, such as increased customer retention rate and customer happiness.

Team

Our founding team consists of a leader in the marijuana dispensary space, engineers, and product designers.

> 1) Carlos Sanchez, Weedtailor's CEO, has been working in the cannabis industry for 3 years. He is the co-founder of The Green Team Cannabis Collective, a cannabis dispensary service headquartered in Berkeley that serves the Bay Area.
> 2) Emily Pedersen is a software engineer who has worked for Microsoft and Mozilla.
> 3) YJ Kim is also an engineer who works for a San Francisco start-up.
> 4) Brian Nguyen is a product designer who has worked for Uber and Helix.
> 5) Faye Han is a also product designer who has worked for Intuit and Evernote.

With our team's unique vantage point on the cannabis industry and combined engineering and design prowess, we have the opportunity to empower cannabis dispensaries in this saturated market to increase and maintain their customer base.

1) Finalize $500,000 in seed funding: Q3 2017
2) Hire: Three engineers, one sales representative: Q4 2017
3) Begin with google survey to gather data on user's preferences , web scrape: Q4 2017
4) Weedmaps and Leaftly to match user preferences with Weedmaps' data: Q4 2017
5) Complete development of machine learning algorithms: Q1 2018
6) Implement the Weedtailor online platform: Q1 2018
7) Begin sales and marketing launch in Northern California: Q1 2018
8) Finish development of API: Q2 2018
9) Begin sales and marketing launch in Southern California: Q3 2018

Financial projections

Year 1: We will not charge the Green Team, which will be the only dispensary hosted on our platform, any service charge since we want to fully focus on developing our recommendation engine. Also the founding team members will not make any salary to focus our expenses on building the platform. We will hire 3 back-end engineers for $90,000 each, and hire a sales representative for $30,000. In our first year, we will be at deficit of $359,290.

Year 2: We project that our revenue will be $6,703,400. We hope to have 50 dispensaries on platform, in which the average larged-sized dispensary serves 60,000 cannabis consumers per month, the average medium-sized dispensary serves 1,000 cannabis consumers per month, and the average small-sized dispensary serves 100 cannabis consumers per month.

Year 3: We project that our revenue will be $7,854,200 and have 150 dispensaries on our platform.

Year 4: we project that our revenue will be $18,300,282 and have 200 dispensaries on our platform.

Year 5: We project that our revenue will be $46,923,800 and have 350 dispensaries on our platform. Our projected gross margin is 90%, and our projected net income is $42,700,658.

The Ask

We are seeking an operating line of $500,000 to finance our first-year growth. To support the engineering development of our product, we will hire three back-end engineers and a sales representative to create and push our product to our first milestone. We have also accounted for customer acquisition cost and cost to maintain a web domain.