

# MARTHA STEWART CANNABIS

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## Canopy Growth and Martha Stewart both dedicate to improve customers' lives by high-quality products

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A leading company in the cannabis market.

- With 14 brands in Canada, 4 brands in America, and 4 brands in international range.
- Business involved: Flowers, oil, softgel capsule, beverage, topical format, etc.
- Brand Value: Unleash the potential of cannabis to improve lives and strengthen communities by high-quality natural products.
- Objective: Become a world-class CPG company.



A diversified lifestyle company.

- Interacting with more than 100 million fans monthly around the world by magazines, TV shows, books, retails, and online platforms.
- Business involved: Health living, cooking, home renovating, pet care, etc.
- Brand Value: Everybody deserves respect, representation, and opportunity.
- Objective: Teach and inspire people in all ages to improve their lives by offering high-quality valuable products

## There is an excellent fit between Canopy Growth and Martha Stewart.

### Benefits from Martha Stewart:

- A large number of active customers.
- Diverse product types, including edible, topicals, oil, softgels, and pet care.
- Well-known brand image and good reputation.

### Benefits from Canopy Growth:

- Mature technique of planting cannabis.
- The first federally licensed cannabis producer in North America.
- Manufacture high-quality CBD products.

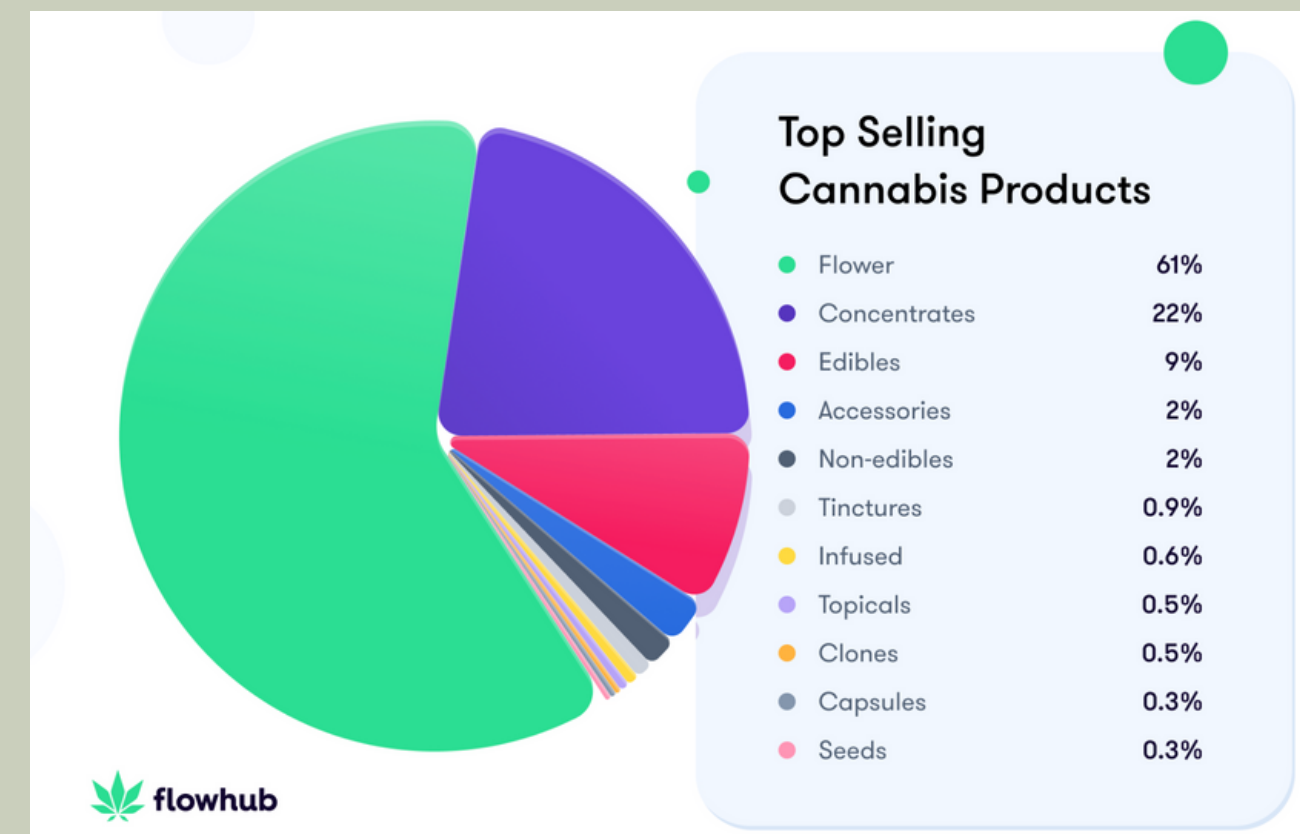
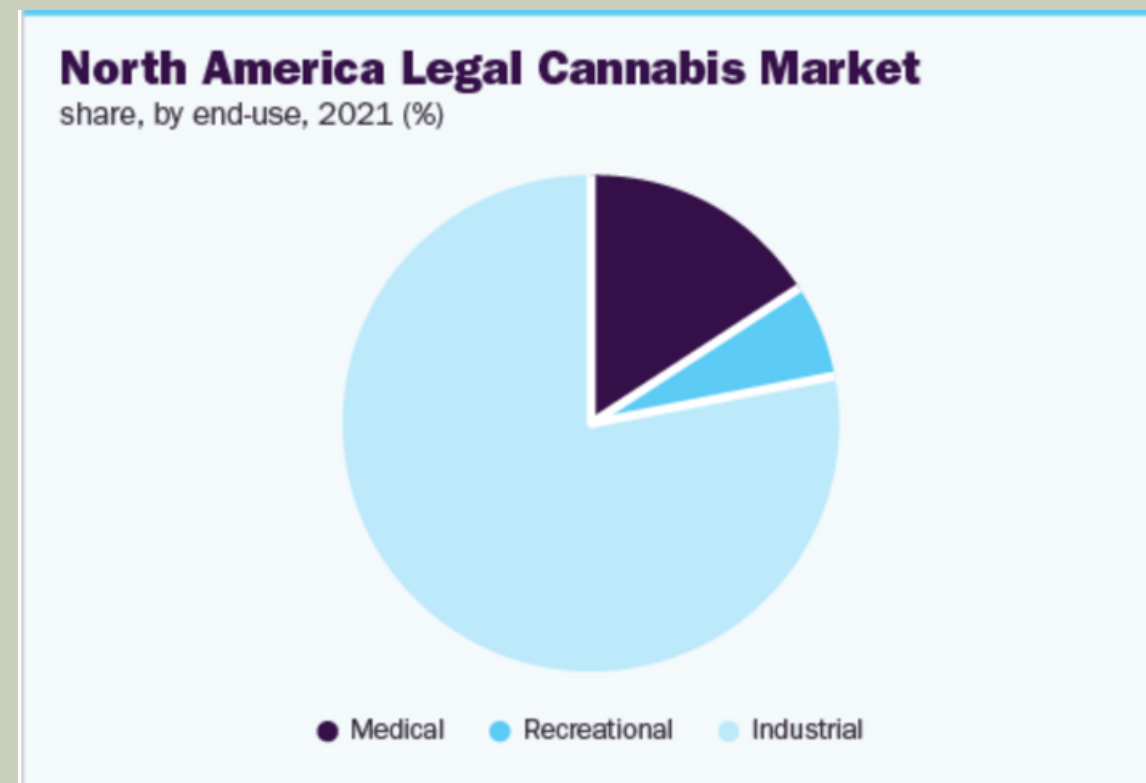


### Competitive Advantages of joint venture:

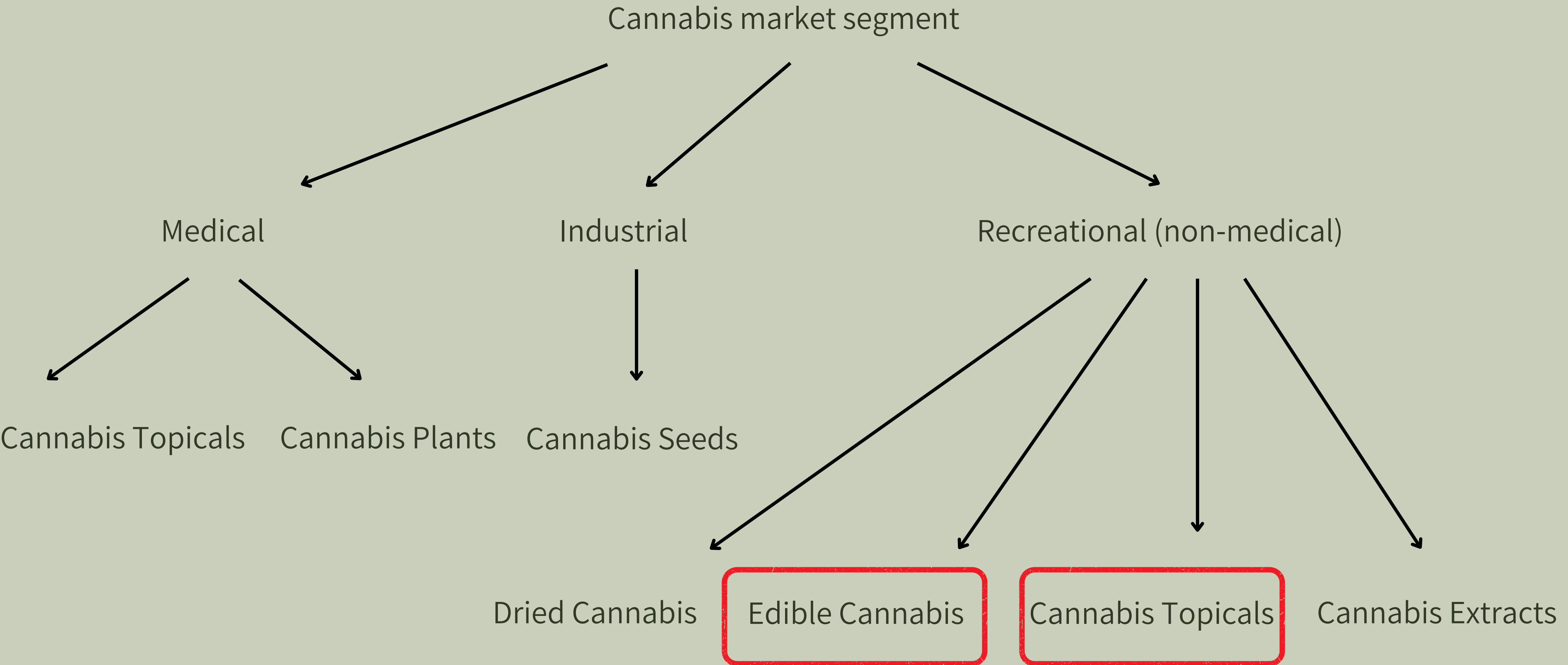
- Large market size of potential customers.
- High-quality CBD products for various of product types.
- Legally licensed brand with good reputation makes business more reliable to customers.

In north America, the market of cannabis is divided into medical, recreational and industrial, which followed by 6 sub-categories.

- Dried Cannabis - Accounts for any parts of a cannabis plant except seeds, such as flowers.
- Edible Cannabis - Solid or liquid food, such as Soda, chocolate, cookies, etc.
- Cannabis Extracts - Products that are made for inhalation or ingestion, such as Vape pens.
- Cannabis Topicals - Products with cannabis that used to external skin, hairs, or nails.
- Cannabis Plants - Mature cannabis plant that usually used for medical purpose.
- Cannabis Seeds - Viable seeds of cannabis plant.



The target market of our joint venture will be focused on edible cannabis and cannabis topicals

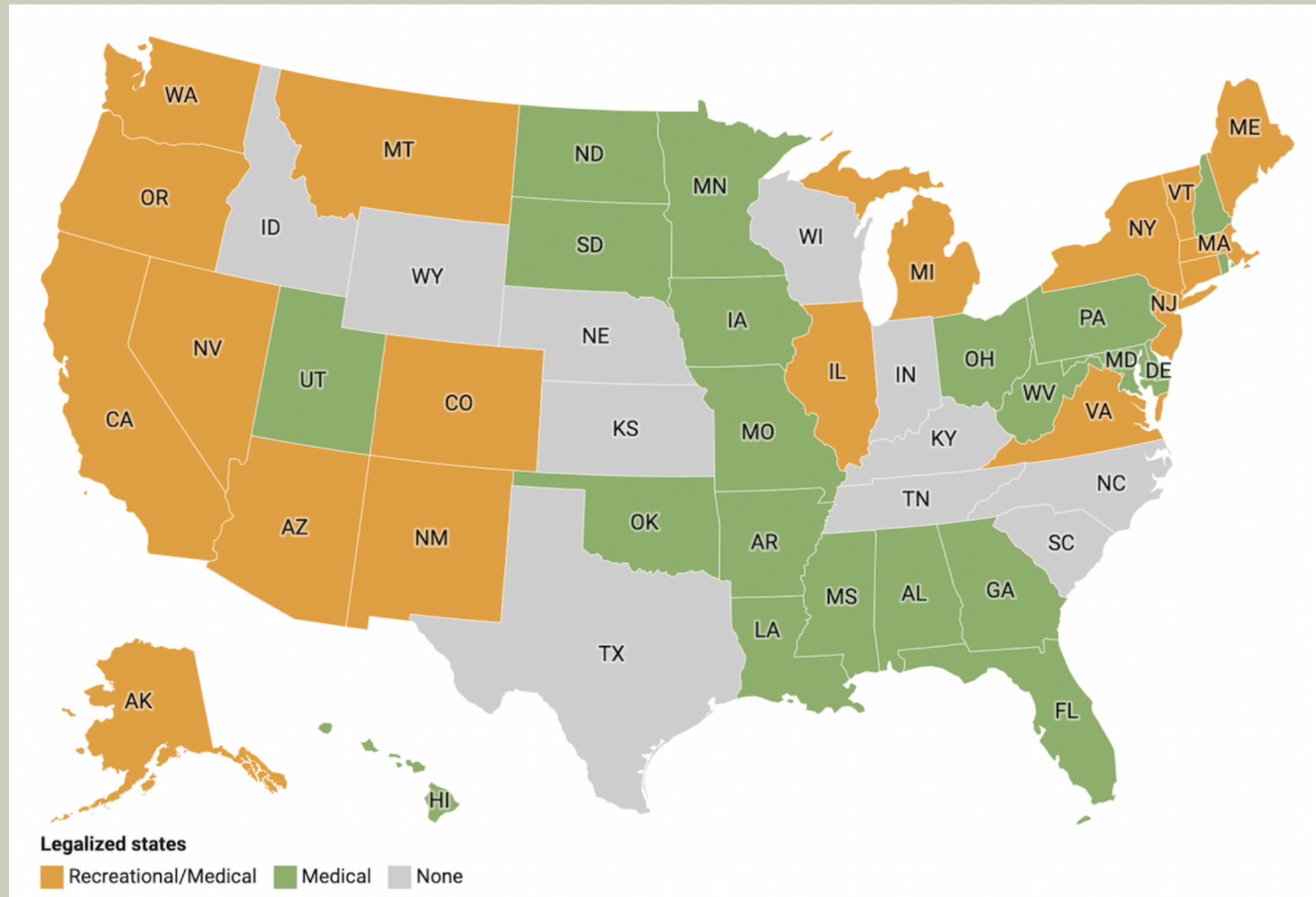


## Customers will believe the joint venture is in the market of CBD products for consumers' daily wellness .

	Does this product benefit customers' wellness?	Does this product improves customers' life quality?	Does this product aligns with brand values for both companies?	Is this product legal to sell in NA?	Summary
Dried Canabis	NO, no practical benefit to wellness	YES, might cause spirit happiness	NO, not aligns with Martha's brand value	NO, not all states make it legal	Attitudes of customers are extremely polarized
Extracts	NO, some might be harmful to health, such as Vape pen	YES, extracts like oil can be used in our lives	YES, in some way it improves customers' lives	NO, prevent from many states in the US	Not all of them are beneficial to customers
Cannabis Plants & Seed	NO, plants and seeds are not related with wellness	NO, no direct influences	NO, raw materials are not associated with brand values	NO, some states don't allow planting	Not really related to the products of Martha Stewart
Edible & Topicals CBD productst	YES, products like topicals help skin care for consumers	YES, some CBD products help consumers sleep better	YES, it makes people's lives better	NO, it's legal in CA, but legality varies by state in US	The best one, just like a gear meshes two companies



The medical usage of CBD products dominates the US market, but the share of recreational usage is increasing.

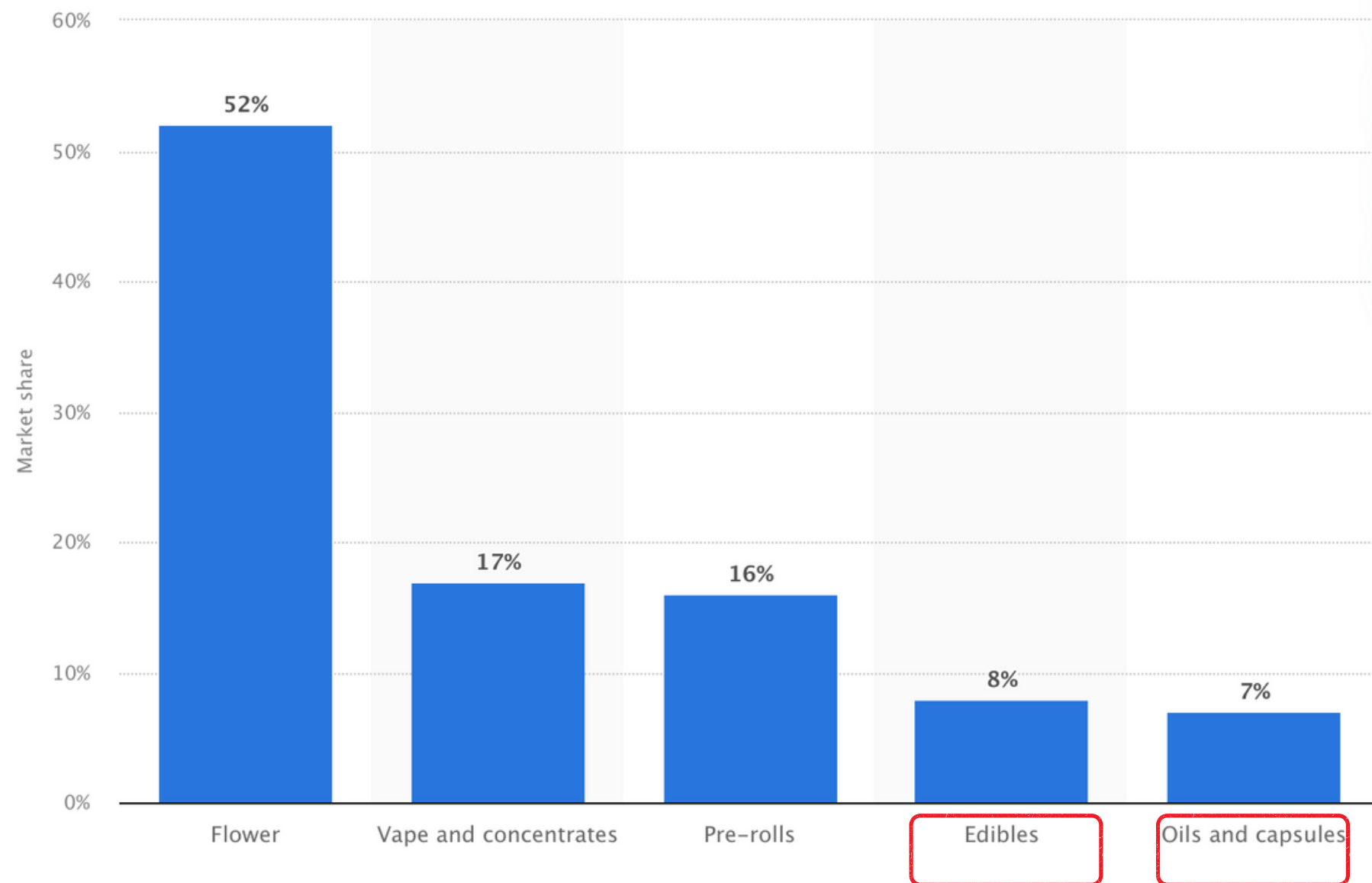


### Cannabis market in the US:

- Legality of Recreational used - 21 states
- Legality of Medical used - 37 states
- Market size value in 2022 - 13.2 billion in USD
- Market share - Industrial, recreational, and medical.
- Majority usage of cannabis in the US are medical, which accounts for 77.8% in 2021.

Our target market segment accounts for 15% market share of the entire Canadian cannabis market.

### Market share of cannabis products in Canada in 2021



Details: Canada; 2021

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Cannabis market in the Canada:

- Unlike US market, recreational usage of cannabis dominates the Canadian market, which is a good signal for us to launch our products.
- The sales recreational cannabis is about 4.6 billion CAD in 2022.
- Sales of medical usage cannabis in Canada is about 430.9 million CAD in 2022.
- Within the sales of recreational cannabis, flower segment owns the largest market share.



Aurora Cannabis is the largest competitor of Canopy, but after cooperating with Martha Stewart, our joint venture will obtain a large number of potential customers that exceed all of our competitors.

Brand	Our joint venture	Aurora Cannabis	Tilray	Charlotte's Website	Green Thumb Industry
Tags	Health Care drug development Pet care pharma	Health care pharma	Healthcare drug development pharma	Manufacturing Industrial	Manufacturing Industrial
Tweet Followers	3.6 M	46.1 K	33.7 K	10.2 K	13.7K
Percentage of Tweet with engagement	100%	100%	100%	27.27%	88.89%

The target customers of entire Cannabis products can be segmented by psychographic, demographic, geographic and behavioural.

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### Psychographic:

1. Customers who are conscious about wellness.
2. Customers who are curious about new products.
3. Customers who need pharmaceutical support.
4. Customers who look for something to unwind.

### Demographic:

1. < 21 y/o
2. 22 - 38 y/o
3. 39 - 54 y/o
4. > 54 y/o

### Geographic:

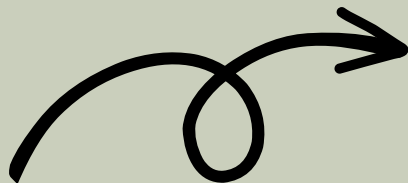
1. Customers in the US.
2. Customers in the Canada.
3. Customers in the states of US where Cannabis is legal.

### Behavioural & Shopping habits:

1. Usually buy health care products, such as edible nutritions.
2. Buy products that improve life quality, such as sleep aid tablets.

Females prefer to spend more money on edible and topicals, while males invest more on recreational products.

	Age	Percent of Sales
Gen Z	< 23	5.9%
Millennials	23 - 38	51.5%
Generation X	39 - 54	25.7%
Baby Boomers	55 - 73	5.9%



Customers who are from 23 - 54 years old account for nearly 80% of the consumptions of Cannabis. Our joint venture needs to pay more attention to customers within this age range.

Males:

- Accounts for 67% of flower products.
- Accounts for 70% of concentrates.

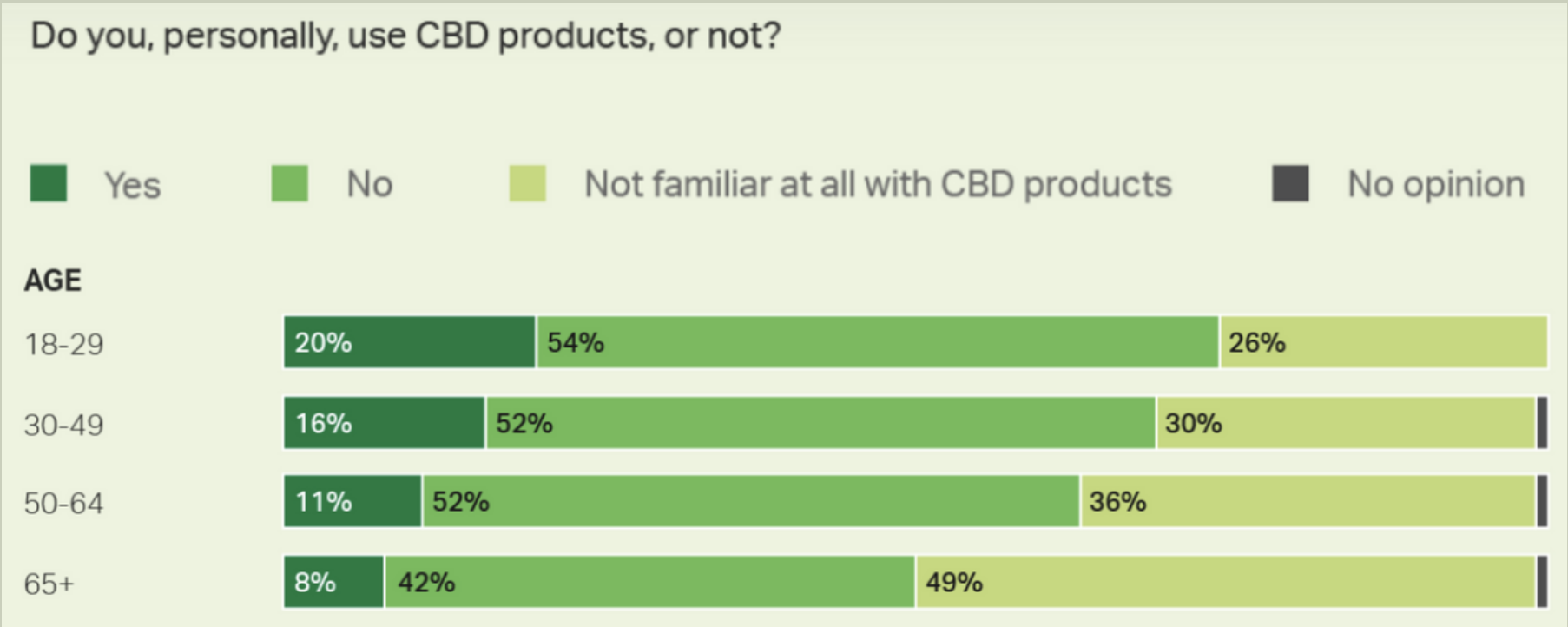
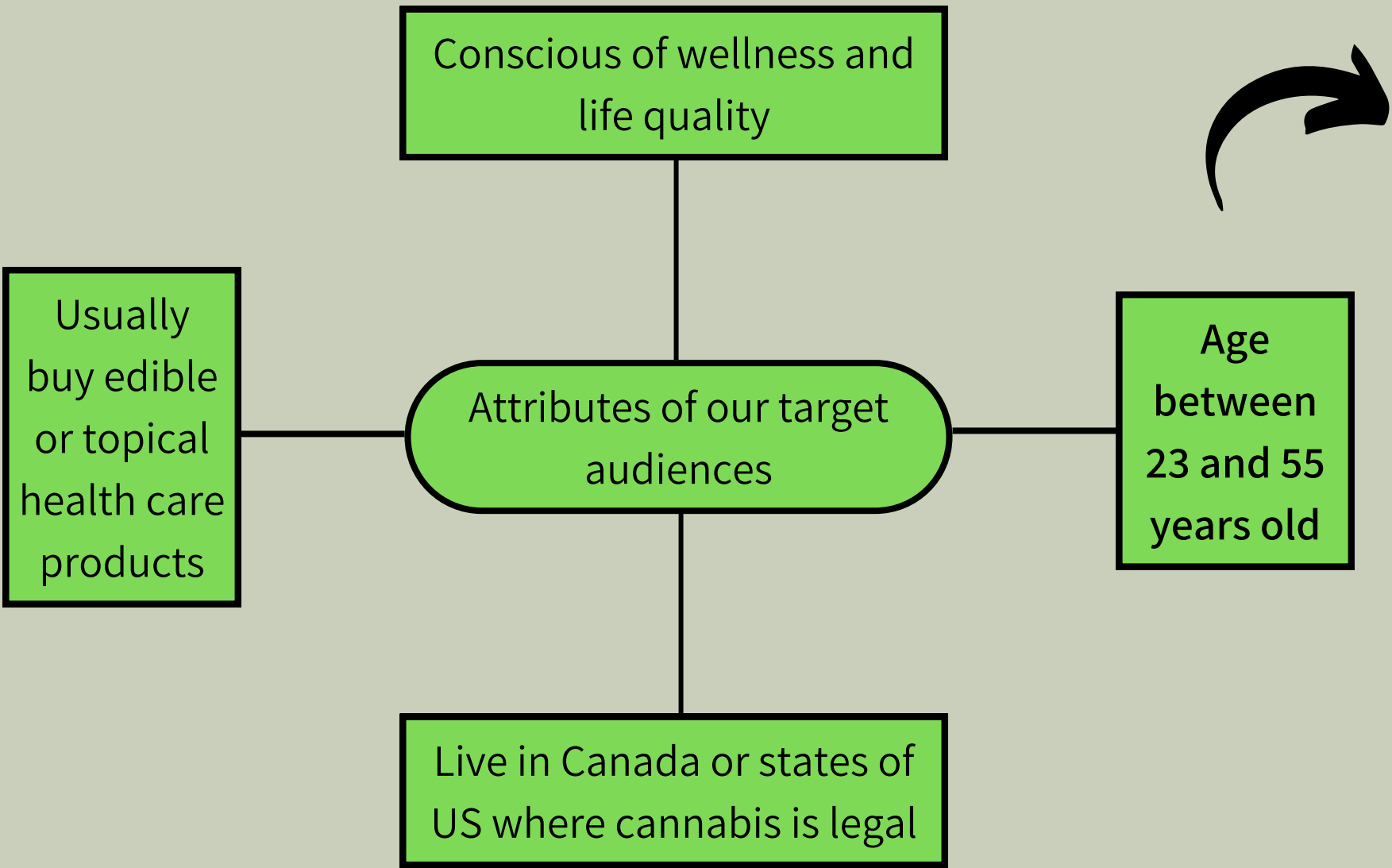
Females:

- Prefer CBD products for health and wellness.
- Spend 66% more on CBD products than men.

The target audiences of our joint venture are those who are conscious about wellness and life quality within the age between 23 and 55 years old.

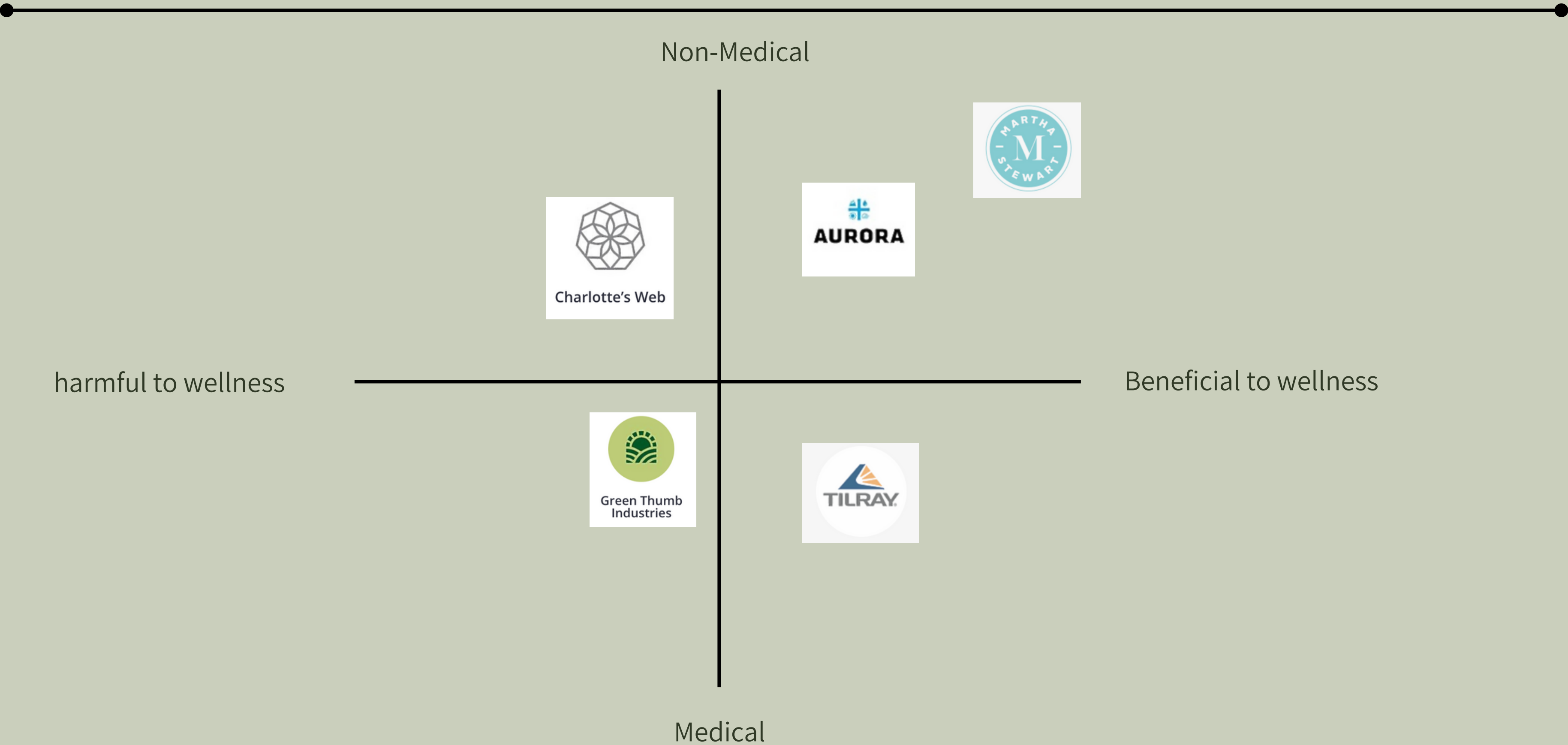
Customer Segment / Criteria	Does our joint venture sell products for audiences in this segment?	Can we achieve our objectives by interacting with these audiences?	Can we gain enough profit from audiences in this segment?	Does our competitors involve in this segment as well?	Summary
Care about health / life quality	YES, we have plenty of CBD products for improving wellness	YES, our objective is to improve customers' life by CBD products	YES, customers are willing to pay for products that are beneficial to health	YES, the competition is severe in this segment.	Customers in this segment aligns with our value, objective, product line
pharmaceutical Users	NO, we don't sell medical products in our joint venture	YES, but the core of our product is not about medical usage.	YES, medical usages are inevitable	YES, company such as Tilray has business int this field.	Pharmaceutical user is a large group, but our product focus more on daily consumption
Curious about new-style products	YES, CBD products are new to the market	YES, they will get a new and good experience with CBD	NO, sometimes customers will not return back, they just want to try	YES, customers in this segment may try products from random cannabis company	Sometimes, customers in this segment just want to try CBD products, need to retain them
Addict to smoke flowers	NO, our joint venture doesn't sell flowers	NO, this doesn't align with our values	YES, the profit might be huge, but we don't sell flowers	YES, but we don't have direct competition with them	Customers in this segment are not our target audience

The challenge of our joint venture is how to educate our target audiences about CBD products, and how to convince them that CBD products are beneficial to their wellnesses and life qualities.



In average, only 15% of our target customers have ever used CBD products. Inversely, **more than half** of our target customers have never used CBD products. And nearly **30%** of them are **NOT** familiar with the CBD products, even there is a small portion of customers who have never heard of CBD products.

First of all, we want our customers realize that the products provided by our joint venture are better for human being's wellness compared to other brands.

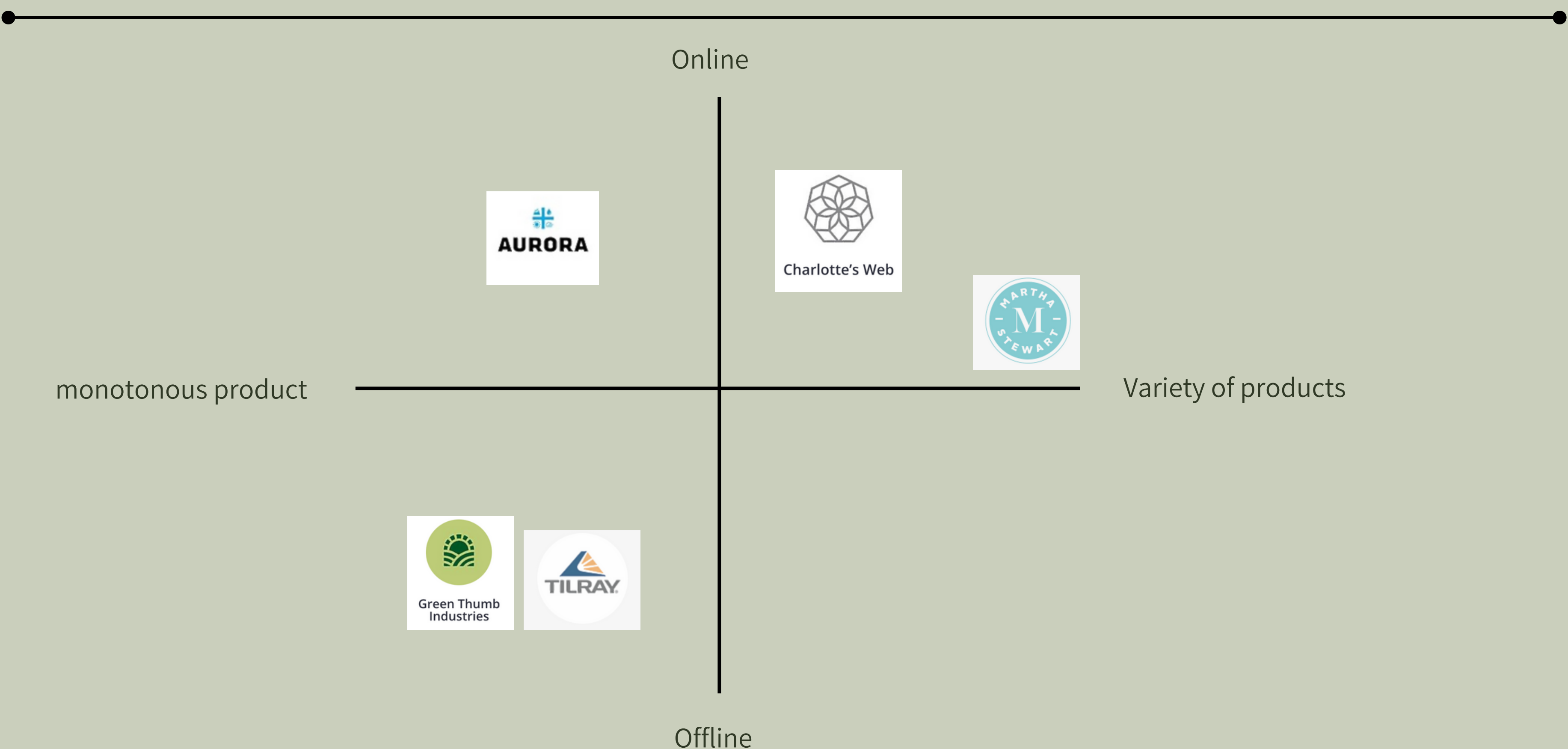




Secondly, we should convince customers that our CBD products contain no artificial colours and are made of organically grown, pesticide-free hemp with high quality.



Then, we want our customers to know that our joint venture distributes a various of CBD products in both online & offline channels.



For consumers who cares about wellness, our joint venture sells a various of high-quality selective CBD products to improve your body health and life quality at the lowest price. That's because our ingredients are all organically grown without preservatives and artificial materials.

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### Functional Benefits:

1. Simplifies customers' life - CBD products provide functions like aiding sleep that makes consumers' lives easier.
2. Helps customers to be healthier - our products reduce stress and anxiety, and also helps with recovery.
3. Saves money - Even though our ingredients are organically grown, we still sell our products at the lowest price. And our products offer the equivalent and even better effects compared to other brands.

### Emotional Benefits:

1. Feel themselves - Customers will feel that they are respected by our brands and values.
2. Inspired - customers might be inspired by Martha Stewart's experiences & lifestyles. And resonate customers by her followers who are eager to be successful just like Martha Stewart.
3. Feel ahead of the curve - As CBD product is relatively a new product in the market, customers will feel that they are ahead of the curve which may lead to self-confidence.

Endorsed brand is the best strategy for our joint venture. And we should leverage Martha Stewart's influences to develop our CBD product lines.

Endorsed Brand Strategy



Product	Target Market	Target Audience
Softgel	Topicals	Customers need distressing / body health
Gummies	Edible	Customers care about wellness
Cream	Topicals	Customers care about skin protections
Oil Drops	Topicals	Household

Recommendation - Since there is a foreseeable success for our joint venture, it's a win-win strategy for Canopy and Martha Stewart to collaborate with each other.

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### Rationales:

- The value of two companies are the same, which is improving customers' lives by their high-quality products.
- With Canopy, customers will believe that products of joint venture are true, pure, and safe. Since Canopy is a licensed cannabis company, our quality is secured.
- With Martha Stewart, the joint venture can reach out to more potential customers. Because Martha Stewart has millions of fans on social media, our quantity is secured.
- Despite CBD product is new to the market, not all customers are familiar with them. Inversely, it's our opportunity to become one of the dominated business, because we enter the market early.
- Even though there are still a few states in the US don't allow cannabis as of 2022, the attitude towards CBD products in the North America is positive.
- There is a trend of cannabis to be legalized. Therefore, it's imperative for us to reinforce our joint venture's brand image and expand our CBD product lines. That's saying our partnership has a bright future.

Appendix - VRIO

Criteria	Is this valuable for the company?	Is this rare to other brands?	Is this inimitable?	Is this well-organized?	Summary
Pure, Safe, high-quality ingredients	YES, this is where we obtain customers' trusts	YES, because we are licensed company with authentication from the government	NO, it's about the technique of Canopy	YES, the procedure of production is mature	This is the key competitive advantage, because every customer cares about the quality, especially for edible products
Good for wellness	YES, because our target customers buy products for this purpose	NO, competitors also sell products for improving wellness	YES, other brands can also produce products have similar functions	YES, we have various of products for wellness which target at different symptoms	This is the benchmark of our products, we intend to make our customers' live easier
Multiple Distribution channel	YES, we want to reach out to more customers	YES, competitors may not have as many followers as Martha Stewart	NO, not all people have comparable influences as Martha Stewart	YES, our offline & online channel has straightforward navigation	We don't need to worry a lot about the distribution channel because of Martha Stewart's reputation
Affordable Price	YES, otherwise customers may not want to try CBD products.	NO, competitors can also set low price for their products	YES, the price is determined by themselves	YES, we set our price with rationales	Even though we cannot set an extremely low price because of our high-quality ingredient, our price is reasonable and acceptable



# Appendix - 6 Forces Analysis

Porter's forces	High	Medium	Low
Threat of new entrants	-	-	Business enters this market requires a lot investment in cannabis. And most of companies may not familiar with the regulation policy. The market is not easy to enter.
Threat of substitutes	-	There are some substitutes, for example plants with cannabinoid-like structures, such as rosemary, can also be used to manufacture products for wellness.	-
Suppliers			Canopy supplies materials and ingredients for Martha Stewart to make products. We are a joint venture, so the intensity is low.
Bargain power of Customers	Since there are so many other CBD products in the market, customers can easily switch to other brands. So we need to keep our quality and price consistent.		
Rivals	Rival is severe, more and more businesses find out the potential of cannabis market. And business involved health care products are also our competitors.		
Complements			There are little complements of our products, other nutrients could be one.

## Appendix - Other brands to collaborate with

1. CVS - one of the largest pharmacy in the US. The target audience are patients who need medical CBD products to mitigate symptoms. The risk is not high because research has shown that more and more illness can be treated by CBD products, such as epilepsy.
2. Ape - A premium cannabis product company. The target audience are people who look for recreational functions of cannabis, especially for Vape. As it already had products made of cannabis, it might be a little difficult for Canopy to ask Ape to change the supplier from its original supplier to Canopy.
3. Rihanna - A famous singer. Just like Snoop dog, Rihanna is a cannabis lover. The target audiences are her fans who are influenced by the behaviours of Rihanna. The risk is neutral, but the likelihood of partnership is high based on prediction.

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