What strategies cannabis retailers are using to obtain customer-specific sales data?

We are beginning to see retailers develop membership and/or “loyalty-light” programs as a way to collect customer-specific information to drive customer engagement and loyalty. These can be as simple as collecting customer information when customers sign up for a mailing list, to launching membership programs aimed at communicating new product arrivals, discounts, top sellers, or other benefits via text/email that are not conditional on the purchase of cannabis or accessories.

It’s important to note that store operators are subject to the Federal Cannabis Act and its regulations, as well as the Registrar’s Standards for Cannabis Retail Stores in Ontario, which outline permissible and prohibited advertising and promotional activities. One notable restriction is the inability to offer cannabis or an accessory for free as part of a traditional “two-for-one” “or buy one get one free” retail offer. So, it’s important to stay on top of federal and provincial regulations as they evolve.

What are some innovative ways cannabis retailers are leveraging customer data?

Retailers are leveraging customer data to drive engagement, loyalty, and develop store communities. The most sophisticated retailers are using analytics to identify, understand, engage specific customer segments by offering timely discounts, relevant product information, or engaging content. Beyond identifying traditional demographic segments, some retailers are segmenting customers using basket value and composition, shopping frequency, and product/brand affinity to better anticipate and react to their customers’ needs.

How would a system like Headset help a retailer with effective inventory ordering?

Headset’s Retailer Pulse and Premium platform help operators streamline inventory management with the goal of limiting costly stockouts and excess inventory carry, whether that’s purchasing and managing inventory at a single store or multiple locations across the country. Specifically, Headset does this through three dashboards: Inventory Coverage, Reorder Report, and Inventory Turnover. Operators lean on our intelligent re-order report to help inform minimum re-order quantities and estimated days of supplies based on their Weeks of Supply (WOS) target and sales history. In addition, operators rely on metrics such as stock-coverage ratio to quickly identify over/understocked products and categories, and leverage inventory turnover metrics to quickly identify fast movers and shifts in consumer demand.

What added challenges/expenses do cannabis retailers have in comparison to other retailers?

There are current limitations on the type of loyalty programs a retailer can implement. This limits the ability for retailers to leverage best practices from traditional retail and forces them to get creative to remain compliant.

Can you tell us about the new Headset retail software that has come out recently?

Headset recently released Headset Retailer Premium. Premium is an extension of the existing Retailer Pulse platform that provides retailers a turnkey business intelligence solution to drive their store’s performance. Premium introduces 4 new modules: Basket Analysis, Customer Analysis, Marketing, and Demand Planning. Basket Analysis helps operators identify what’s in the basket and how to grow it. Customer Analysis helps operators learn who their customers are and track purchasing patterns. Marketing allows retailers to track the ROI of marketing efforts and assess the impact of promotions and discounts. And Demand Planning helps operators understand the “when” behind their sales to identify seasonal patterns for certain products and adjust product assortment for holidays and in response to major trends.

Headset also recently released Retailer Starter Pack in Ontario, aimed at helping retailers launch their retail store with confidence. The package provides retailers market data and turnkey tools to build reliable sales projections and full financial proformas, develop optimized staffing plans, and drive inventory and assortment strategies.