

FOOD AND BEVERAGE

As legalization effort grows, luxury cannabis may be on horizon

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A number of luxury cannabis brands have already emerged. Image credit: Emerging Insider Communications

By DANNY PARISI

Luxury consumers demand the finest goods and services, and cannabis is no exception.

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A report from Emerging Insider found that the majority of high-net-worth cannabis consumers would prefer to spend a large sum for high quality, luxury cannabis experiences. Whether that be in the form of rare strains of the plant or in custom, luxury equipment for consuming cannabis, 74 percent of consumers said they would spend \$300 or more on cannabis, and 30 percent said they would spend up to \$1,000.

"By far the most important takeaway is the desire for privacy among the majority of affluent cannabis users," said Zachary Weiner, CEO of **Emerging Insider**, Chicago. "If you are targeting this demographic with products or experiences that have a public or social component, tread carefully.

"Dispensaries may be fine for the average consumer, but the majority of affluent users prefer delivery services over in-store experiences," he said. "Along with delivery, tailoring products and services for use in the home is more likely to engage these consumers, which is backed up by our research.

"Respondents were twice as interested in premium ways to store product in their homes as they were interested in fine dining experiences involving cannabis. Reaching these users will be most effective with messaging that includes an element of discretion and privacy."

Changing tides

Cannabis has long had an unfavorable reputation in American society.

Since the 1970s and even before, it was associated with crime, degeneracy and moral failure. Marijuana has been criminalized and a concerted media campaign created a frenzy among parents about the dangers it presented to their children.

But in only a few short decades, public perception of marijuana and cannabis has changed dramatically.

"For decades the U.S. was receiving intense negative messaging around cannabis, and drugs in general, due to

Nixon and Reagan's efforts with the war on drugs and the infamous 'just say no' campaign," Mr. Weiner said.

"As recently as 2006, 50 percent of Americans viewed smoking marijuana as morally wrong, according to research from the Pew Center, and two thirds wanted it to remain illegal," he said. "Today those numbers are flipped, and we see two thirds of the public in favor of legalization."



Traditional smoking and edible cannabis products are the most popular methods of consumption for high net worth individuals. Image credit: Emerging Insider

The efforts to have marijuana decriminalized have gathered huge momentum over the years, with a number of states across the U.S. enacting laws to lessen the punishment for marijuana use or making it legal entirely.

"While public perception regarding cannabis has improved over time among affluent populations, stigma still remains, and rigorous studies remain difficult due to the Schedule 1 status at the federal level," Mr. Weiner said. "Due to this stigma, affluent users of cannabis prefer to consume in private, hindering true estimates of the exact rate of consumption amongst the upper-class."

Luxury cannabis

Along with any new product, there is bound to be those who want to consume only the most high-quality version of it. The same goes for cannabis.

The report from Emerging Insider found that a large majority of high-net-worth cannabis users would love to spend large sums on luxury services and equipment.

Forty-one percent of respondents to the survey said they are more open to buying premium brand name strains of cannabis, and 36 percent said they are open to purchasing expensive rare strains of cannabis.

But much of their smoking habits come at a cost of privacy. Unlike cigarettes and cigars, marijuana and cannabis smoking is something that most prefer to do in private, likely due to the fact that it is not legal everywhere and still carries remnants of social stigma.

Seventy-eight percent of respondents would rather smoke in their homes, and 69 percent would pay for a premium luxury delivery service that brings cannabis products straight to their homes.



A luxury cannabis boutique modeled after a jewelry store. Image credit: Emerging Insider

JGA's chairman noted that the way millennial and Gen Z consumers grew up has shifted their thoughts on luxury, making experiences, uniqueness and transparency more important than it was for past generations.

During the session, "Millennials: Influencing Purpose, Prestige and the New Luxury," at Luxury FirstLook 2017: Time for Luxury 2.0 last year, the chairman detailed the differences in the mindset of millennials and Gen Z, which is shaping the industry. Major changes are coming to luxury with new markets likely to emerge such as cannabis and new business models to sell those emerging products ([see story](#)).

While the U.S. may be some ways off from people openly walking down the street smoking marijuana, the momentum behind the legalization effort is large and the potential profits from establishing a premium cannabis service are real.

For luxury brands, it may finally be time to begin thinking about how to build a truly upscale cannabis experience.

"The most challenging aspect for the luxury cannabis industry will be maintaining discretion to fulfill the privacy desires of affluent consumers," Mr. Weiner said. "Our survey found that 78 percent of affluent cannabis users would only smoke at home rather than outdoors or in any designated businesses in legalized states.

"This will affect whether consumers are interested in certain offerings from luxury cannabis companies, especially as it relates to experience-based products," he said. "It's not that these users aren't interested in cannabis-infused experiences, but they'd be much more interested if the event was discrete and exclusive, or even better able to be done at home."

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