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# Business Plan 2023



## Confidentiality Agreement

The undersigned reader of Royal Vibes Cannabis LLC's Business Plan ("Royal Vibes Cannabis" or the "Company") hereby acknowledges that the information provided is completely confidential and therefore the reader agrees not to disclose anything found in the business plan without the express written consent of Royal Vibes Cannabis.

It is also acknowledged by the reader that the information to be furnished in this business plan is in all aspects confidential in nature, other than information that is in the public domain through other means and that any disclosure or use of the same by the reader may cause serious harm and or damage to Royal Vibes Cannabis.

Upon request this business plan document will be immediately returned to Royal Vibes Cannabis.

This is a business plan. It does not imply an offer of any securities.

### Applicable Law

This contract shall be governed by the laws in the State of Washington.

\_\_\_\_\_ Signature

\_\_\_\_\_ Name (typed or printed)

\_\_\_\_\_ Date



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## Abbreviation

SEO	Search Engine Optimization
CAGR	Cumulative Annual Growth Rate
KPI	Key Performance Indicator
YoY	Year on Year
THC	Tetrahydrocannabinol
CBD	Cannabidiol

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## 1.0 Executive Summary

### 1.1 Business Name and Location

The name of the business is Royal Vibes Cannabis, and its head office is located in Seattle, Washington, USA.

### 1.2 Purpose of the Plan

The purpose of this business plan is to be considered for a Washington State Social Equity Recreational Cannabis Dispensary License by the Washington State Liquor and Cannabis Board (WSLCB). This document also provide potential investors with the information necessary to evaluate the merits of the value proposition and the growth strategy of Royal Vibes Cannabis. Additionally, it will serve as a guide for management for establishing goals against which performance can be measured.

### 1.3 Business Opportunity

Every \$1 spent by consumers/patients at cannabis dispensaries/stores generates an additional \$3 in economic value, much of it at the local level. The economic multiplier depicts the overall influence of the cannabis sector on the broader economy. The cannabis industry is a juggernaut in creating economic benefits, which could help boost legalization efforts down the road. Profit margins in the cannabis retail market are lower than in other types of cannabis businesses, owing to the fact that average startup costs for dispensaries are higher than in other sectors of the marijuana industry. Retailers have the highest median operational expenditures in the industry, at about \$600,000 per year. A recreational marijuana store's average sales per square foot is \$1,773, while a medical marijuana dispensary's average sales per square foot is \$1,143. Older established businesses have profit margins of 40-50%, however newer businesses may only have 20% due to a lack of strategic collaborations and vendor relationships.

About two-third of the U.S. population now lives in states where marijuana use and sales are legal, demonstrating the growing acceptance of cannabis across the country and

showcasing the industry's enormous potential for future expansion. According to Marijuana Business Daily, these new markets might generate \$7 billion to \$8 billion in additional retail income for the business. With Washington's victory last week, the whole West Coast has now legalized marijuana for recreational use, while states with adult-use laws are home to 21% of the U.S. population.<sup>1</sup>

Although still a federal offense to manufacture, sell or possess marijuana, as of December 2012, Washington passed Initiative 502 (I-502), a law which allows adults over the age of 21 to purchase up to one ounce of marijuana, 16 ounces of marijuana infused products in solid form, 72 ounces of marijuana infused oils or up to seven grams of marijuana extract or concentrate, of for recreational use in the State of Washington. The Washington State Liquor Control Board (WSLCB) is the governing body and its I-502 website should be considered the official resource for the law. Marijuana purchases must be made in Washington State approved retail stores. It is also illegal to smoke marijuana in other locations where smoking is illegal, including bars, restaurants, buildings open to the public, places of employment, and areas within 25 feet of doors and ventilation openings. The majority of Seattle's hotels are smoke-free. Seventy-five percent of Washington State's hotels are non-smoking so it is recommend that you check with your hotel before smoking marijuana in a hotel room. Washington State's DUI laws apply to driving under the influence of marijuana. An adult driver with 5 nanograms of THC per milliliter of blood will be charged with driving under the influence of drugs.

Cannabis is already as big business with analysts estimating \$30 billion in annual consumer spending. The trouble is, only one in every five of those dollars are currently spent on legal products. Individuals do not have any handy solution through which they find exact places where such products are available. They need to travel and search long

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<sup>1</sup> **Source:** <https://mjbizdaily.com/chart-majority-of-u-s-embraces-legal-marijuana/>

to find a reliable vendor for medical marijuana. But analysts now believe that the nation's legal market will grow nine-fold over the next decade, with consumer spending on USA recreational and medical cannabis hitting \$22.6bn by 2023.

### 1.4 Problem Statement

Starting a cannabis store is all the rage. However, there are a lot of expectations and stereotypes that come with walking into a shop. People think they are going to see lava lamps and psychedelic music and staff that is stoned behind the counter. Also people are uncomfortable with giving their driver's license and address before entering the shop. It is necessary by law but some potential customers are worried that means they will be on some government "bad" list. In short, customers want the products but can get shy about purchasing the goods.

### 1.5 Our Solution

Our solution is to offer an extensive selection of premium, Kosher and organically grown cannabis. Our signage and messaging will emphasize medical marijuana and helpful effects of marijuana in an atmosphere of professionalism, appealing to people who don't want doobie drawings. The lounge is set up like a comfortable doctor's office and the experience of giving their information is like giving over health insurance info. We are well supplied with products, we have all the best products at all the best prices.

Further, our store is welcoming and puts the customer at their ease. We show the new customers around to get them comfortable with the store. The returning customers are left to shop at their leisure and ask questions if they want. Royal Vibes Cannabis has got our clients covered for everything. We are making it easier now than ever to get access to their high-quality cannabis products. Our solution is to sell high quality merchandise that we stand behind and that is in demand in the area and provide excellent customer service.

## 1.6 Investment Funds

This document will be presented to angel investors and The Washington State Liquor & Cannabis Board for licensing and raise the funding of \$550,000.

The Company expects steady growth over the next five years of operation and projects the following revenues and profits to be generated:

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenue</b>	\$20,003,552	\$31,796,879	\$46,741,079	\$56,608,080	\$65,665,950
<b>Net Profit</b>	\$9,667,874	\$15,779,031	\$23,536,364	\$28,619,329	\$33,267,779

Royal Vibes Cannabis intends to use the funding for purchase of building construction, equipment, working capital and general corporate purposes. Based on the management experience and industry growth rates, the investment risk is minimal. Royal Vibes Cannabis' financial model shows consistent growth for the company over the next five years. By year five, plans call for the company to achieve \$65,665,950 in annual gross revenue with a net profit of \$33,267,779.

## 1.7 Key Factors to Success

- React quickly to client requirements. Increase the availability of products to meet the client's needs. Speed decreases both inventories and risk.
- Offering customers a wide range of cannabis products in one setting.
- Maintain an advertisement budget and launch the most targeted marketing campaigns.
- Be an active member of the community and maintain a respectable and untarnished reputation in the community.



## 2.0 Company Background

### 2.1 Introduction

Royal Vibes is a 100% female owned holistically focused recreational dispensary. It is a unique cannabis dispensary and retail store, featuring some of Washington's finest marijuana flower, pre-rolls, stylish vape pens, cartridges, delicious edibles, relaxing spa products et al. At Royal Vibes Cannabis, we are all about great flower. Our extensive collection of organic flower is second-to-none and we carry an amazing selection of vape cartridges, concentrates, edibles, and more. Our Florists know all about terpenes, cannabinoids, and consumption methods. Royal Vibes Cannabis believes in "the potency of a human-to-human connection" which is why they are always available via phone or text to answer questions. The company maintains an extensive and unique menu catering to their customers' needs and preferences, with service dedicated to educating and guiding their members in their search for the benefits of cannabis.

#### Our Mission

"To exceed our customers' expectations by providing friendly, knowledgeable, and one-on-one customer service. We believe in educating our clients to the best of our ability to ensure proper use while achieving the desired result. The well-being of our community is critical to us. By partnering with our clients and community we can give back empower and thus contributing to the overall wellbeing of society."

#### Our Vision

"To become a premier choice for cannabis delivery in the State of Washington."

#### Business Core Values

- ∞ Grow With Integrity.
- ∞ Build With Ambition.
- ∞ Our Motto: "Grow with integrity, build with ambition".

## 2.2 Legal Status

Royal Vibes Cannabis is registered a Limited Liability Company. Marijuana is legal in Washington State for both medicinal and adult (recreational) use. Medical marijuana was legalized in 1998 with the passage of the Medical Use of Marijuana Act. The Act enabled patients with certain debilitating medical conditions to use marijuana as treatment and also afforded patients and caregivers legal protections in the state. Registration in the state medical marijuana program is voluntary in Washington. Registered patients can possess up to:

- 3 (85g) ounces of usable marijuana flower
- 48 ounces of marijuana-infused solid product
- 1.69 gallons (6.4 liters) of marijuana-infused liquid product
- 21g of marijuana concentrates

Medical marijuana patients entered in the state register can also cultivate up to 6 plants and possess up to 8 ounces from their plants in their domicile. Patients not entered into the state registry can grow up to 4 plants and possess up to 6 ounces of usable marijuana from their plants.

Initiative 502 - the Washington Marijuana Legalization and Regulation Initiative became law on December 6, 2012, and legalized adult-use marijuana in the state. The measure made it legal to produce, possess, deliver, and distribute marijuana in Washington. It legalized the sale of specific quantities of cannabis products to adults aged 21 years and above for their personal use and in private. It also established the system for regulating the production and sale of recreational marijuana in the state.

In Washington, adults 21 years and older can legally possess up to:

- 1 ounce (28g) of usable cannabis flower
- 16 ounces of cannabis-infused product in solid form

- 72 fluid ounces of cannabis-infused product in liquid form
- 7g of cannabis concentrate.

Individuals are only allowed to possess marijuana products and paraphernalia but cannot cultivate marijuana plants in their private residence. The Marijuana Legalization and Regulation Initiative (MLRI) empowered the Liquor and Cannabis Board (LCB), formerly known as the Liquor Control Board, to regulate the Washington marijuana industry. The MLRI established a wide-ranging regulatory structure that licenses producers, processors, and retailers. It also established maximum quantities that persons in the state could legally possess. The passage of the Cannabis Patient Protection Act (CPPA) in 2015 subsumed the production and sales of medical marijuana into the same structure. The LCB now regulates the production and sales of medical marijuana, as well as recreational marijuana, in Washington. The CPPA was established to create standards for cannabis businesses pertaining to the production, possession, sales, and use of medical marijuana in the state. Washington State lawmakers filed some amendment bills in 2022. These new marijuana bills seek to enforce employees' rights and modify the operations of marijuana businesses.

### The Legal Sale of Cannabis happens in Washington

In Washington, the legal sale of cannabis can only be to adults 21 years and above or persons with valid medical marijuana recognition cards. Only licensed cannabis stores are allowed to sell cannabis products and paraphernalia to the public. Cannabis is a federally illegal substance and most banks will not do business directly with cannabis operations because of possible federal government sanctions. As such, most cannabis transactions are in cash because securing merchant services to accept debit cards and online payments would be too costly. Some cannabis businesses in Washington might accept credit card and cashier check payments



### Dispensary license in Washington

The state application requires a \$1,000 license fee. Washington cannabis license applicants receiving both Producer and Processor licenses will need to pay a \$2,000 fee.

### Retail License in Washington

There is a \$250 fee for all new applications and a \$1,381 fee for license renewals. A person can hold both producer and processor licenses, but they cannot sell to the public directly (retail).

### Cannabis Possession Charges in Washington

Washington adults aged 21 years and older, can possess up to 1 ounce (28.35g) of marijuana for private consumption. Possession of more than 1 ounce of cannabis, and up to 40g, is a misdemeanor punishable by a \$1,000 fine and 24 hours to 90 days jail time. Possession of over 40g of cannabis is a felony in Washington, with a fine of \$10,000 and a maximum jail time of 5 years. Medical marijuana patients can legally possess up to 3 ounces (85g) of cannabis but must be able to show valid registration IDs.

### Possession with the Intent To Distribute In Washington

Washington state marijuana distribution laws prohibit the sales and distribution of cannabis without the requisite license is illegal. Unlicensed sales or distribution of any amount of marijuana in Washington is a felony, punishable by a \$10,000 fine and a maximum jail time of 5 years. If the sale is to a minor, at least 3 years younger than the offender, the fine is \$10,000, but maximum jail time increases to 10 years.



## 2.3 Objectives

- To finalize the business plan and implement it effectively to ensure defined targets are met
- To create a viable brand offering recreational cannabis products in Seattle, WA
- To enhance the human experience by connecting people and cannabis
- To make this brand a high-valued competitor in the recreational cannabis market
- To grow, develop, and seizing the opportunity in the market
- To strive to take the industry by storm and shake up the market with an urban, more modern perspective focusing on consumer appeal
- To develop and maintain a competent staff that is capable of servicing the multiple needs of clients is an objective of Royal Vibes Cannabis.
- To form strategic partnerships with vendors and distributors to aid in scaling up operations
- To maintain sustainable growth and increased profitability
- To expand business in the whole State of Washington within three years of business operations
- To expand business in the other states of the USA within five years of business operations.

## 2.4 The Management

Management is the core of any organization. It is not just personal and individual's resumes but vision, and commitment that lead to success. Miss Robyn Tucker is the owner of Royal Vibes Cannabis. She envisioned and created the business based on her passion for the industry and her desired need to have more control over her future. Her goal as a business owner is to continue to stimulate the economy by providing well-needed recreational cannabis products and creating an environment that not only expects hard work and dedication from staff but also believes and practices work-life balance.

## 3.0 Products and Service

Royal Vibes Cannabis offers cannabis products to its customers at competitive prices. Our main cannabis product's categories are given below:

- CBD Products
- Edibles: Kanha, Korova
- Flower: Elyon, Stiüzy, Pacific Stone, 3C Farms, Cream of the Crop, High Garden
- Pre-rolls
- Tincture
- Topical

Through our website, people can order wide range of products at competitive process. We combine great customer service, product selection, product knowledge-ability, competitive pricing, and prompt delivery times to create an experience that keeps our customers coming back. Our customers will even have the option to save on the products by opting into our next-day delivery.



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## 4.0 Market Analysis Summary

### 4.1 Industrial Analysis

#### Global Recreational Cannabis Industry

- Revenue in the Recreational Cannabis segment is projected to reach US\$22.91bn in 2023.
- Revenue is expected to show an annual growth rate (CAGR 2023-2027) of 13.00%, resulting in a market volume of US\$37.35bn by 2027.
- In global comparison, most revenue will be generated in the United States (US\$17,880.00m in 2023).
- In relation to total population figures, per person revenues of US\$0.93k are generated in 2023.<sup>2</sup>

The global cannabis market growth can be attributed to factors, such as increasing awareness among consumers regarding the health benefits of cannabis and its rising medical application. Patients suffering from chronic diseases, like Parkinson's, Alzheimer's, cancer, and many neurological disorders, are administered cannabis. The demand for cannabis oil is growing due to its wellness and health purpose. Cannabidiol oil is used for treating depression and anxiety, diabetes protection, cancer symptom relief, and inflammation. Due to the rising adoption of cannabidiol (CBD) based products to treat ailments, the global cannabis market is expected to grow significantly during the forecast period. Strict regulatory guidelines associated with the sales and production of cannabis across various nations can be tedious for producers and stakeholders to comply with. Also, the rules and regulations concerning the utilization of cannabis vary from country to country, which generates hindrances in the worldwide market. The presence of major key players, pharmaceutical and biotechnology industries worldwide, and their experimental approach drives the cannabis market growth.

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<sup>2</sup> Source: <https://www.statista.com/outlook/hmo/cannabis/recreational-cannabis/worldwide#revenue>

## The U.S. Recreational Cannabis Market

- Market Size in 2023: \$22.6bn
- Market Size Growth in 2023: 11.8%
- Annualized Market Size Growth 2018–2023: 30.5%<sup>3</sup>

The U.S. cannabis market is projected to reach \$72 billion annually by 2030, according to industry research group New Frontier Data. This projection comes at a time when cannabis remains federally illegal despite the legalization of medical marijuana by 37 states, three territories, and Washington, D.C., as well as the legalization of adult-use (sometimes called recreational) cannabis programs by 21 states, two territories, and Washington, D.C. Both medical and adult-use markets posted strong growth in 2021, up an estimated 34% and 43%, respectively, over 2020 sales. While only a few states remain without a regulated medical marijuana market, the outlook for this part of the industry is still strong.

Like in much of the world, cannabis remains federally illegal for cultivation, sale, and possession in the United States. Despite this, many states have legalized the drug for recreational use. The first states to do so were Colorado and Washington in 2012. As of 2021, 18 states plus the District of Columbia have legalized cannabis for recreational use. Every state has its own rules regarding cultivation, possession limits, and sales. Despite the COVID-19 pandemic, the market for recreational cannabis in the U.S. grew substantially in 2020. Total sales increased by over 50 percent compared to 2019 to reach 11.6 billion U.S. dollars. California is the single largest market in the U.S., worth 4.4 billion dollars in 2020 and already triple the market size of the first year of legalization. Flower and pre-rolled joints have been the predominant cannabis products since the market's

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<sup>3</sup> [https://www.ibisworld.com/united-states/market-research-reports/medical-recreational-marijuana-growing-industry/#:~:text=Medical%20%26%20Recreational%20Marijuana%20Growing%20in%20the%20US%20in%20industry%20trends%20\(2018,reach%205.0%25...](https://www.ibisworld.com/united-states/market-research-reports/medical-recreational-marijuana-growing-industry/#:~:text=Medical%20%26%20Recreational%20Marijuana%20Growing%20in%20the%20US%20in%20industry%20trends%20(2018,reach%205.0%25...)



inception but they are slowly losing their position. Market share for these products has declined from 57 percent in 2017 to 46 percent in 2020. Vape and edible products have been the beneficiaries. The tax generated from recreational cannabis has been a big motivator for states to legalize sales. California gained over a billion dollars in tax revenue in 2020 and Washington generated over 600 million.

All in all, nearly one billion kilograms of recreational cannabis was consumed in the United States in 2020. This number is set to triple by 2025 as more states roll out retail selling. Despite the availability of cannabis in retail locations in legal states, most consumers say their primary source of cannabis was from friends. Almost all states (with the exception of Washington, Illinois, and New Jersey) with retail markets allow residents to grow a minimal amount of plants for their own consumption. Because modern growing techniques and plant genetics allow a large amount of buds to be harvested from a plant many home growers may end up with more than they can personally consume. Quality concerns and price have also stifled retail growth, with black markets thriving alongside legal sales. For consumers who do purchase retail cannabis, most tend to purchase sporadically, once every month or two.<sup>4</sup>

The legal cannabis industry is comprised of the production and selling of the cannabis plant and products derived from it. Many companies involved in this sector began in supplying the medical market when that was all that was available but have now expanded to



<sup>4</sup> <https://www.statista.com/topics/3117/recreational-marijuana/#topicOverview>



servicing the retail markets that have opened up in Uruguay, Canada, and the United States. Some of the hottest growing product segments currently are vaping products, edible and beverage products, and CBD (a cannabis-derived, non-psychoactive chemical with reputed health and wellness benefits). During the beginning of the COVID-19 outbreak, sales of cannabis products in the United States saw a large boost as consumers prepared for coming lockdowns. This demand has not been sustained and the industry in both the U.S. and Canada are facing serious headwinds due to oversupply. New markets on the U.S. East Coast promise renewed growth and Germany has elected a new government which favors legalizing recreational sales. Legal adult-use cannabis sales reached 16.5 billion U.S. dollars in 2021. The market is expected to grow by nearly a third in 2022 as large East Coast markets in the United States like New Jersey and New York are expected to begin retail sales.

The adult-use market is forecast to grow further and reach over 33 billion dollars in value by 2025. Much of this value is to come from the U.S. and Canada but Germany is expected to start legal sales in this time period as well.<sup>5</sup>

### Medical Marijuana Dispensaries Market in the USA

- Market Size: \$9bn
- Number of Businesses in: 12,484
- Industry Employment: 27,446

The Medical Marijuana Dispensaries industry has experienced rapid growth over the five years to 2023, supported by an increase in state legislation, legalizing the use of medical marijuana across the United States. Additionally, consumers have continually become more accepting of alternative treatments via marijuana products. The industry includes stores that retail medical marijuana by prescription only; therefore, the industry does not include dispensaries that generate the majority of their revenue through the sale of

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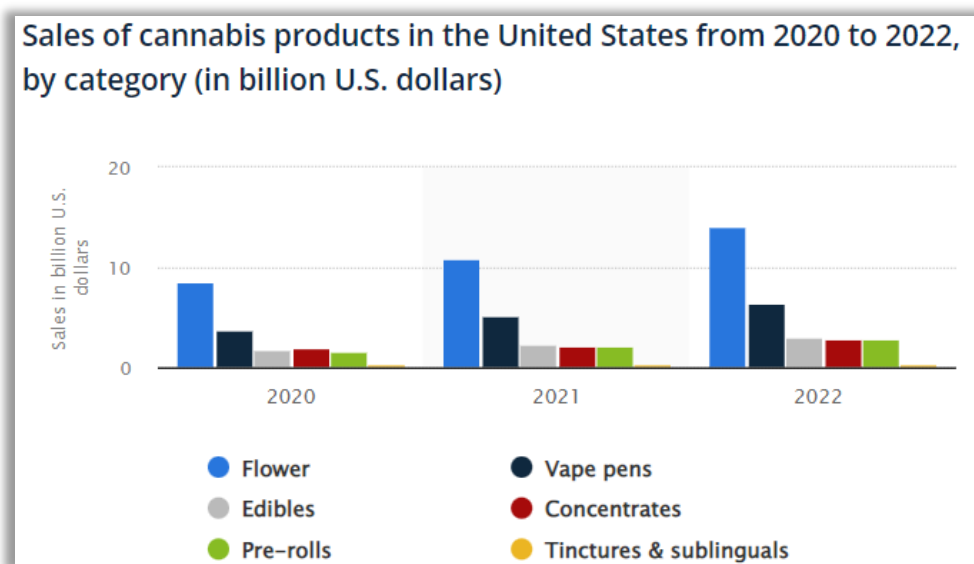
<sup>5</sup> **Source:** <https://www.statista.com/markets/415/topic/2436/cannabis/#statistic2>



recreational marijuana. At the time of writing, the use and sale of medical marijuana is legal in 36 states, with 17 of those states also having legislation for recreational marijuana.<sup>6</sup>

### Dried flower remains the preference

Flower, the raw, dried bud of the cannabis plant is what most people think of when they hear of cannabis. As such, this segment of the cannabis market has remained the most dominant. Sales of flower in the United States grew by 27 percent in 2022 and are expected to grow an additional 29 percent in 2023. Other segments such as vapes and edibles will see similar levels of growth but none are expected to overtake the importance of flower in the near term.



### CBD retail in the United States - Statistics and Facts

CBD or cannabidiol is a natural substance derived from cannabis, found in both marijuana and the non-psychoactive hemp plant. Unlike delta-9-tetrahydrocannabinol or THC, CBD is a non-psychoactive chemical compound and may alleviate things such as anxiety and

<sup>6</sup> <https://www.ibisworld.com/united-states/market-research-reports/medical-marijuana-dispensaries-industry/>



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pain, which is why it is used to create wellness products, such as oils, edibles and functional beverages. In the United States, cannabidiol products generated sales of roughly 5.3 billion U.S. dollars in 2021. By 2026, CBD product sales are predicted to reach nearly 16 billion U.S. dollars in the United States. E-commerce is expected to grow during that time but remain at around a 40 percent share of overall sales. Despite accounting for less than half of sales, e-commerce is actually the single largest channel in the CBD market. Pharmacy's, the next largest channel, account for just half of the sales the online market generates. In the United States, sales of cannabidiol (CBD) in the e-commerce channel are forecast to increase from approximately two billion U.S. dollars in 2021 to more than six billion U.S. dollars by 2026. CBD products come in many different shapes and sizes, including tea, vape products, and soaps. In American convenience stores, vitamins were the leading CBD segment in terms of sales, generating over 20 million U.S. dollars in 2020. In 2021, Sky Wellness, a maker of edibles, topicals, vapes, and pet products was the top selling CBD brand in convenience stores in the United States in the final quarter of the year. Whisl was the second best selling brand in that year. Overall, edibles like gummies, followed by capsules (vitamins) were the segments of CBD products that sparked the most interest among consumer in the U.S. In terms of beverages, a still small but growing category, seltzer and sparkling water were the preferred segment among consumers.<sup>7</sup>

### Medical cannabis in the U.S. - Statistics & Facts

Since California first passed a proposition legalizing cannabis for medical purposes in 1996, medical marijuana has seen a rise in state and public support and has become a growing and prosperous industry. Cannabis, also known as marijuana, has been approved for medical use in 38 states (including the District of Columbia) so far, and is used to treat symptoms associated with diseases such as, for example, cancer and glaucoma. In general, it is mostly used for pain relief.

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<sup>7</sup> <https://www.statista.com/topics/6262/cbd-retail-in-the-united-states/#topicOverview>



### The discussion about legalizing

Although the topic of legalizing cannabis for medical purposes might have been considered controversial in the past, there has been an increase in evidence for the medical benefits of marijuana, such as fewer drug doses being prescribed as a result of its legalization. In addition, some of the possible negative consequences of medical marijuana legalization that were often used to argue against legalization have been found to be unsubstantiated.

### Differences among and within states

Medical cannabis laws, usage, and prices vary from state to state. Not only can prices differ dramatically by state there can also be significant differences in medical marijuana prices between cities within the same state. As some states have more relaxed medical cannabis laws than others, and some have even recently legalized cannabis for recreational use, the number of medical marijuana (MMJ) dispensaries open in each state is also quite varied. While Oklahoma, for example, had a legal medical marijuana patient rate of over nine percent as of 2021, Louisiana and Alaska had a rate of under 0.1 percent.

### The full potential has yet to be seen

It is expected that medical marijuana will continue to grow as an industry and public support with it. According to surveys from recent years, public approval of medical marijuana has indeed increased, remaining above 77 percent since 2011. Medical marijuana patients seem to also be satisfied with the treatment they experience, with a majority reporting that they would be highly likely to recommend medical marijuana to friends or family for treatment. Additionally, rather than slowing down the cannabis market, COVID-19 in fact boosted it, as many states reported a rise in usage and sales during the pandemic years. That medical marijuana is indeed a market with huge potentials is proven by the fact that big pharma is already heavily involved in this area.<sup>8</sup>

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<sup>8</sup> <https://www.statista.com/topics/3064/medical-marijuana-in-the-us/#topicOverview>

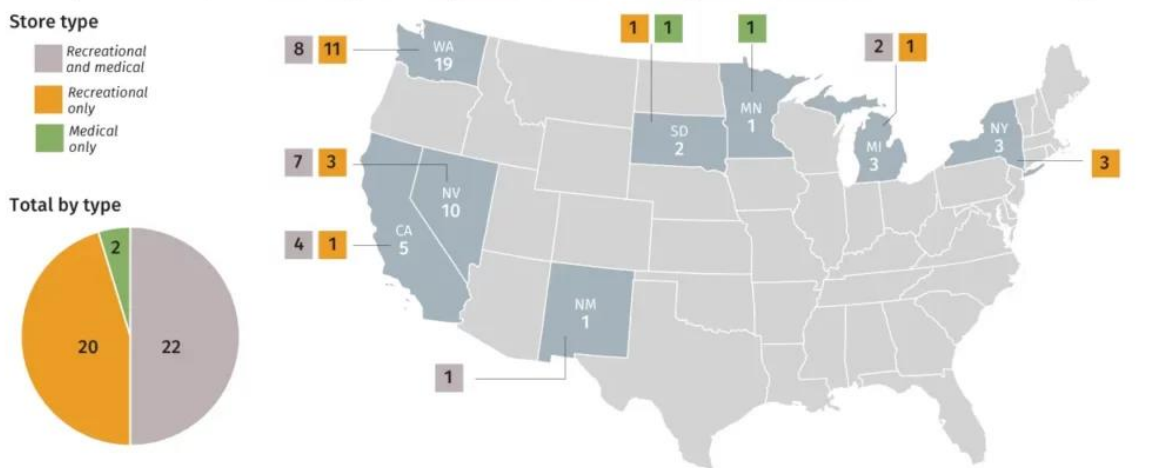


## Cannabis Industry Overview in Washington

- Washington’s cannabis sector contributed \$1.85 billion to gross state product in 2020
- The industry supported almost 18,700 jobs
- Retail sales grew 21% between 2021 and 2022
- Within the state’s General & Selective Sales Taxes revenues, Marijuana Excise Taxes are the fastest-growing
- Direct retail cannabis sales contributed \$468.81 million to state tax revenues in 2021, which was greater than the excise revenues from liquor and alcohol sales (\$415.28 million) and cigarette, tobacco, and vapor product sales (\$383.55 million), respectively.<sup>9</sup>

## Tribal-owned Cannabis Retail

Cannabis stores owned by Native American tribes are becoming more common in the U.S., often as part of integrated operations including cultivation and manufacturing.



Source: KlasRobinson Q.E.D.

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Ten years after Washington voters approved one of the nation’s first recreational marijuana programs, the state’s cannabis industry has become among the country’s largest, with annual sales of roughly \$1.5 billion and more than 11,000 employees.

<sup>9</sup> <https://www.4cornersff.com/blog/an-overview-of-the-washington-cannabis-industry>



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## Cannabis Licensing in Washington

The number of licenses grew during the first six months of 2022:

- Cultivation - 100%
- Distributor and delivery - 263% and 252%, respectively
- Manufacturing - 175%
- Microbusiness - 160%
- Retail/dispensary - 113%
- Testing licenses - 107%

As of January 2021, the state’s three licensing authorities have issued about 10,000 commercial cannabis licenses to cannabis businesses throughout Washington. There are 9,721 active licenses, including 6,258 cultivators, 891 manufactures and 723 retailers, 320 delivery services, 1024 distributors, 281 microbusinesses, 150 transporters, 38 event organizers and 36 testing laboratories.

## Washington Cannabis Market Projections

- By 2023, recreational cannabis market in Washington is projected to reach \$2 billion. The Washington cannabis industry’s total economic impact could be nearly \$10 billion.
- According to the UCAIC, about 29 percent of cannabis consumers may, at first, stay in the illicit market to avoid the costs of new regulations, which will add 15 percent to retail values.
- It is projected that legal recreational use will make up 61.5 percent of the overall market, illegally purchased marijuana will make up about 29.5 percent of the market and legal medical marijuana use will be about 9 percent of the overall market.
- Medical cannabis sales are expected to decline down to \$600 million as people migrate toward the adult-use market to avoid medical cannabis ID fees.



## Online cannabis sales boom amid COVID-19 spurs delivery-service acquisitions

The explosive growth of e-commerce during the COVID-19 pandemic has propelled new interest in acquisitions involving direct-to-consumer cannabis delivery.

- Delivery of food and alcohol boomed during the pandemic, and some think cannabis is next, especially with hopes for federal legalization.
- Cannabis delivery app Eaze, backed by Snoop Dogg, says that last year a marijuana order was placed every eight seconds, while the legal cannabis industry generated sales of over \$17 billion in 2020.
- Uber CEO Dara Khosrowshahi has indicated interest, though only that: the on-demand transportation leader has no formal plans even as it gets into alcohol sales.<sup>10</sup>

## Cannabis Delivery Deal-Making

Acquisitions involving direct-to-consumer cannabis delivery services have picked up in the wake of the COVID-19 pandemic, particularly in California.

### Recent deals involving delivery services

Month	Deal Description	Value
December 2020	1. Stem Holdings closes deal to acquire Driven Deliveries in California.	\$31.1M
April 2021	2. Cresco Labs closes acquisition of Florida cannabis company Bluma Wellness, which includes dispensaries and home delivery.	\$213M
June 2021	3. Terra Tech (now Unrivaled Brands) announces agreement to acquire California cannabis delivery company SilverStreak Solutions.	Not disclosed
	4. Fiore Cannabis announces letter of intent to acquire cannabis delivery company California Patients Club.	\$1.2M
	5. Columbia Care closes acquisition of multistate marijuana operator Green Leaf Medical, which includes home delivery services in Maryland and Virginia.	\$240M*



Source: MJBizDaily research

\* Plus potential future payments.

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<sup>10</sup> <https://mjbizdaily.com/online-cannabis-sales-boom-amid-covid-19-spurs-delivery-service-acquisitions/>



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## USA Cannabis Industry Statistics on Product Trends

- Flower is still the most purchased cannabis product, but its market share is declining. Flower sales in the U.S. increased from \$4.92 billion in 2020 to \$5.49 billion in 2021, but its overall market share dropped. (MJBiz Daily)
- Vapes came in second for product revenue in 2021 in the U.S., with nearly \$2.6 billion in retail sales and 28% year-over-year growth. (Headset)
- Marijuana-infused beverages are gaining popularity, with a 45% jump in year-over-year growth in 2021. (Headset)
- Pre-roll sales went from \$1.02 billion in 2020 to \$1.42 billion in 2021, a 38.9% increase. (Headset)
- 37% of U.S. consumers say that taste/flavor is the most important factor in deciding what cannabis products to buy, followed by high THC content (33%) and low price (27%). (Deloitte)
- Edibles are expected to make up 15% of the cannabis market by 2025. (Cannabis Products)
- Around half (51%) of all consumers – and 61% of those under 35 – say they are interested in trying new cannabis products. (New Frontier Data – Cannabis Consumers in America)

## Facts about the Business of Cannabis in the USA

- As of 2020, the average square footage for cannabis production space was 36,300 sq ft, up from an average of 18,200 sq ft in 2016. (Trym)
- Oklahoma has the most dispensaries of any state, with 2,264 as of June 2021. (MJBizDaily)
- The application fee to obtain a cannabis business license in Oklahoma is one of the lowest in the country, costing only \$2,500. (MJBizDaily)
- The number of cannabis dispensaries across the U.S. reached 7,490 in 2020. (Mary Magazine)



- California had the most cultivation licenses of any state in the U.S. in 2021, with 7,548. (Statista)
- On average, it costs approximately \$800,000 to start a cannabis dispensary. (American Cannabis Consulting)
- Long-term legal retail cannabis profit margins are estimated to be around 15%, putting them on par with liquor stores. (Leafly)
- Retail loyalty has increased among cannabis consumers; two-thirds of consumers who buy cannabis from a dispensary or delivery service say they always purchase from the same businesses. (New Frontier Data – Cannabis Consumers in America)<sup>11</sup>

## 4.2 Target Market Description

Our target market is everyone who want cannabis products in Washington. This might be include people who use cannabis for medical reasons. Moreover vape users and people who love to eat cannabis for any reason. Detail market is given below:

### Demographics of Cannabis Users in Washington

Marijuana use, defined here as any use within the past 30 days, is being closely watched in Washington following legalization of recreational use in 2012. In 2016, the prevalence of marijuana use within the past 30 days among Washington adults was 14% ( $\pm 1\%$ ). The prevalence among adults has increased since 2011. For youth, 17% ( $\pm 1\%$ ) of 10th graders reported using marijuana in the past 30 days and was stable from previous years. Among adults, marijuana use prevalence was higher among males and younger adults under 35 years of age. White, black, and American Indian or Alaskan Native (AIAN) had the highest prevalence of marijuana use. Prevalence increased as levels of education and income decreased. Among youth,



**1 in 6**

Washington  
10<sup>th</sup> graders  
used marijuana  
in the past  
month

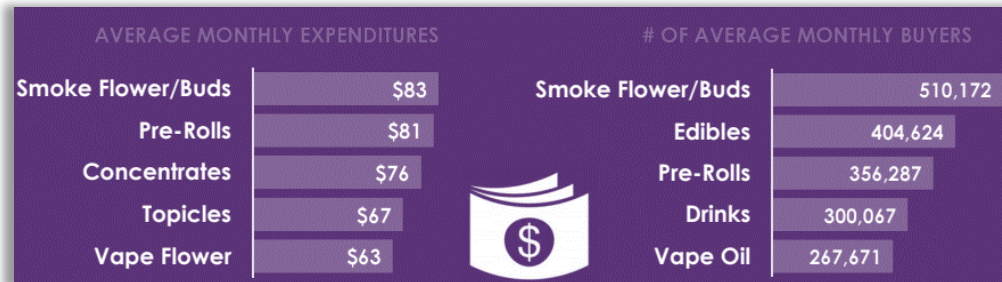
<sup>11</sup> <https://www.embroker.com/blog/cannabis-industry-statistics/>

marijuana use prevalence increased with grade level. Among 10th graders, there was no difference in marijuana prevalence between male and females. Marijuana use prevalence was highest among AIAN, black or Hispanic 10th graders. DOH, along with partner agencies including Department of Social and Health Services/Division of Behavioral Health Recovery (DSHS/DBHR), is working to prevent the initiation and use of marijuana by youth ages 12-20 throughout Washington State.<sup>12</sup>

### 63.8% Approve of Cannabis Use in One Form or Another


LOCAL OPINIONS	ADULTS 21+	% OF ADULTS 21+
APPROVE OF BOTH LEGAL RECREATIONAL & LEGAL MEDICINAL USE	2,979,821	42.1
APPROVE OF LEGAL MEDICINAL USE BUT NOT LEGAL RECREATIONAL USE	1,439,400	20.3
APPROVE OF LEGAL RECREATIONAL USE BUT NOT LEGAL MEDICINAL USE	99,530	1.4
DISAPPROVE OF BOTH LEGAL RECREATIONAL & LEGAL MEDICINAL USE	689,586	9.7
DON'T HAVE OPINION	1,871,956	26.4

### Top 5 Cannabis Consumer Categories



### Demographics of Cannabis Consumers

TARGET POPULATION AGE 21+	TOTAL MARKET AREA	CANNABIS CONSUMERS
Adult Population A21+	7,080,293	1,980,253
Average Age A21+	48	46
Average HH Income	\$66,495	\$64,869
Percent Who Own Homes	65%	60%
Average Home Value	\$264,403	\$243,500
Married	51%	46%
Have Kids at Home	44%	46%

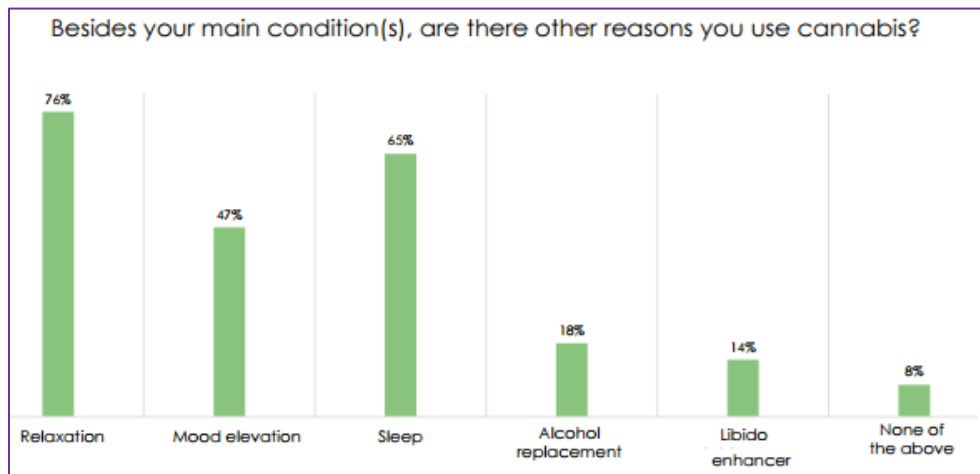


<sup>12</sup> Source: <https://doh.wa.gov/sites/default/files/legacy/Documents/1000//SHA-MarijuanaUse.pdf>

Adults 21+ that have bought cannabis/marijuana from a legal dispensary, are more likely to have health insurance, have voted in a recent election, have children living at home and be financially optimistic vs. the average adult age 21+ in the Washington market.

TARGET GROUP ADULTS AGE 21+	% OF CANNABIS CONSUMERS	# OF CANNABIS CONSUMERS	INDEX VS. MARKET AVG
HAVE SOME TYPE INSURANCE COVERAGE	90	1,786,213	108
WEEKLY SUPERMARKET EXPENDITURES--\$100 +	63	1,249,972	113
EMPLOYMENT STATUS--EMPLOYED--FULL-TIME	52	1,032,142	108
VOTED IN LOCAL, STATE, NATIONAL ELECTION (PST YR)	50	998,365	108
HAVE A DOG	48	949,374	113
OCCUPATION--WHITE COLLAR WORKERS	47	937,980	117
PARTICIPATED PAST 12 MONTHS--LAWN/GARDENING	47	934,413	115
STAGE IN LIFE CYCLE--CHILDREN AT HOME,ANY AGE	46	905,900	104
INVESTORS--HAVE CD'S/IRA'S/401K'S	45	896,136	103
CONSUMED SOFT DRINKS 5 + TIMES PAST 7-DAYS	40	799,932	110
EDUCATION--SOME COLLEGE	39	769,444	125
WEEKLY SUPERMARKET EXPENDITURES--\$150 +	37	729,806	111
PLAN BUY NEXT 12 MOS--PC COMPUTER/EQUIPMENT	36	716,640	121
HAVE A 401K ACCOUNT	36	710,389	109
FINANCIAL OPTIMIST--BETTER OFF 6-MOS. FROM NOW	36	708,868	115
GENERATION--MILLENNIALS	35	688,166	119
FAST FOOD RESTAURANT--3 + PURCHASES PAST WEEK	35	687,953	104
HAVE A CAT	32	640,921	128
PAST 4-WEEKS PURCHASED WOMEN'S CLOTHING	32	641,079	104
GENERATION--BABY BOOMERS	30	600,143	104
HAVE CAR LOAN	30	591,581	123
PAST 4-WEEKS PURCHASED MEN'S CLOTHING	30	592,765	112
PLAN BUY NEXT 12 MONTHS--GLASSES/CONTACT LENS	30	588,175	121
PLAN BUY NEXT 12 MONTHS--NEW TV	28	557,266	123
TWO INCOME FAMILY	28	557,351	111

### Motivations for the Use of Cannabis



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- Almost all users (76%) reported using cannabis for relaxation, and 65% for use as a sleep aid
- While almost all users reported experiencing other benefits and motivations for their use of cannabis, these six categories tended to decrease with older people, who focused more on the primary medical motivation for use
- 65% use cannabis as the primary source of treatment for their medical condition, and 35% as a supplemental treatment
- 96% of users report that cannabis positively enhances their mood, with 77% strongly agreeing
- 79% of people agree that cannabis makes them feel sleepy, yet only 21% feel that it demotivates them
- 85% of people feel that cannabis use enhances their creativity
- Men are more likely to use cannabis as an alcohol replacement (10% vs. 6.5%)

People are using cannabis for symptomatic relief of a whole host of medical complaints, from the seriously ill to more everyday complaints like anxiety, stress, and insomnia. Almost without exception, the experience is overwhelmingly positive, with 85% reporting significant efficacy for treating their medical concerns, 76% reporting increased relaxation, 77% stating that it “positively enhances their mood.” 65% of people using cannabis consider it to be the primary treatment of choice for their condition, with many choosing to forgo other treatments, including prescription medications.

### What is driving consumer preferences in cannabis choice?

Are the different strains meaningful, or is this just a marketing tactic invented by producers? Do men and women dose differently, and how educated are they as consumers as it relates to dosage, THC and psychoactive effects? Consumer sales data indicates a significant rise in the number of edibles sold, and many new product entrants are being created as edibles, tinctures and topical creams or oils.



- ∞ Despite the above 71% of people still favor smoking cannabis, and 66% enjoy vaporizing it
- ∞ Edibles make up 48% of the market with tinctures and topicals at 16% and 13% respectively
- ∞ Younger people prefer to smoke or vaporize, while the use of topicals and tinctures increases with age

### Dosage Preferences

62% of people consume less than 50mg of cannabis in a single dose with the most common dose being between 10 and 50mg in a single dose. There is a significant portion of the market (25%) that prefer to consume less than 10mg of THC in a single dose, data which supports the new trend of 'micro-dosing.'

- ∞ Despite the apparent importance of dosing, a full 29% of people are not aware of the dosage they typically consume
- ∞ Only 7% of users regularly consume more than 50mg of THC in a single dose, which calls into question the appropriateness of 200mg edibles and other stronger products

### Different Cannabis Strains

**Dosage:** Men dose stronger than women, women much less aware of dosage

Dose	Female	Male	Grand Total	Female	Male	Grand Total
Less than 10mg	131	175	306	29.2%	22.2%	<b>24.8%</b>
10 – 50mg	138	329	467	30.8%	41.8%	<b>37.8%</b>
More than 50mg	24	68	92	5.4%	8.6%	<b>7.4%</b>
I don't know	155	216	371	34.6%	27.4%	<b>30.0%</b>
<b>Grand Total</b>	<b>448</b>	<b>788</b>	<b>1236</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

86% of people agree that different strains create different feelings and effects, with 70% having found a favored strain that they turn to regularly. This is therefore not just a tactic by producers to sell more products. There is a need for more research in this area, to produce repeatable, consistent results with patients as some strains achieve more reliable



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results for different medical conditions. There is an even balance in preference for psychoactive vs. non psychoactive products with a slight advantage to psychoactive products at 28%. Awareness and preference for different strains tend to decrease with age, with younger people being more aware and having more defined preferences

### The Educated Cannabis Consumer

Consumers show that they do for the most part have a basic understanding of cannabinoids, psycho-activity, and how different cannabinoids affect people.

- ∞ 81% of people understand the difference between THC and CBD while 18% either do not or are unsure.
- ∞ 51% of people managed to find a product that solved their medical concerns in less than one month of looking, 21% took up to three months, and 27% took longer than six months, or are still looking
- ∞ Most commonly (67%) of people use 2 or 3 different products regularly, with 12% using more than three different products. 20% use just a single product.

### Purchase Preferences

How much are people spending on cannabis? Where do they like to shop, and does this differ by gender, or age? Where are they getting their information from for purchase decisions? Are consumers well served by information sources available to them today?

61% of respondents get their information for product selection from a 'Bud Tender,' meaning the employee at their local dispensary. If we consider the seriousness of medical conditions being treated, and the high value of medical efficacy, this seems like an unorthodox source of information. 31% of people prefer a medical professional.



Additional sources of information include websites (51%) and friends 35%. 14% feel they do not need advice.

- ∞ 67% feel that there are enough sources of information available to them, and 32% are looking for more
- ∞ Men are more independent (websites or no advice) when they shop, while women are more consultative preferring Bud Tenders, friends and medical professionals by a margin of 4%
- ∞ Younger people are more likely to get their advice from friends, while older people consult with a Bud Tender

### Where do people buy cannabis?

- ∞ 44% of the market regularly use a delivery service to purchase cannabis
- ∞ 61% prefer to use a local dispensary and 5.4% have used mail-order services
- ∞ 21% rely on other sources (which would include the illegal market, or friends) Women have a preference over men for the use of delivery services (35% vs. 32%).
- ∞ 72% of people spend at least \$600 each year on cannabis products, with 22% spending at least \$1,800 each year. Medical marijuana would appear to represent significant potential savings to consumers over traditional pharmaceuticals.
- ∞ Overall, women tend to spend less than men (26% vs. 20%) at \$50 level, with men spending more than women at the \$150+ level (29% vs. 23%)
- ∞ Monthly spending declines as people age. Younger people (18 - 44) exhibit higher spending levels by a margin of 9%

**Sources of Advice:** Younger age groups seek advice more frequently from friends, while older age groups rely much more upon the bud tender.

	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older	Total
Dispensary or Bud-Tender	29.3%	31.2%	30.4%	35.1%	35.4%	37.5%	31.9%
Websites	25.4%	25.0%	27.5%	24.6%	30.0%	27.9%	26.1%
Medical professional	15.5%	17.1%	17.2%	16.2%	12.9%	14.4%	16.1%
Friends	21.6%	19.5%	16.5%	17.7%	13.3%	13.5%	18.3%
I don't need advice	8.2%	7.1%	8.5%	6.3%	8.3%	6.7%	7.6%



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**Monthly Spend by Age:** *Spending declines with age.*

	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older	Total
\$150 or more	30.2%	27.9%	31.9%	21.3%	22.1%	15.7%	<b>26.8%</b>
\$50 - \$150	52.4%	51.3%	47.0%	52.1%	48.3%	55.7%	<b>50.7%</b>
Less than \$50	17.5%	20.8%	21.1%	26.6%	29.7%	28.6%	<b>22.5%</b>

## Social Perceptions of Marijuana Use

Medical marijuana is rapidly moving into the mainstream of American society, with more states passing legislation, stories in the media and increasing acceptance of the medical benefits. How are social perceptions changing among users with family and friends? Amongst those that use medical marijuana, 82% are open with family members about their use with 44% strongly agreeing. 15% still hide their use from family members (perhaps their children, although this is unclear from data). 59.5% of patients are open with their close friends and a further 35% with all friends (close and otherwise).

Only 5.3% do not admit to friends that they use medical marijuana. The same number (59%) state that they are open with members of the general public about their use, while 39.5% hide their use from the public at large. Data indicates cannabis as not only the fastest growing industry in the US (estimated at 30% compound annual growth rate and \$5.4B in 2015 sales) but also suggests non-recreational consumption (i.e., medicinal, health and wellness uses) will drive close to 50% of the expected \$21.8B of sales in 2020. We expect much of this growth will come from medicinal users entering the cannabis market for the first time.<sup>13</sup>

<sup>13</sup> <https://s3-us-west-2.amazonaws.com/>



### 4.3 Competitive Analysis

Our major competitors are discussed below:



Uncle Ike's is locally owned and operated. Employees are offered medical, dental, vision, and life insurance. Competitive compensation, educational resources, and growth possibilities are abundant.

#### Strength:

- Serve guests with exceptional customer service
- Provide employees with a positive atmosphere and opportunity to grow
- Give back to surrounding communities

**Company's Website:** [www.ikes.com](http://www.ikes.com)



The Reef dispensary is a coliseum of cannabis, a forum of green. They offer a curated selection of Washington State's finest flower, edibles, concentrates, vape carts, and wellness items that are all on massive display. In addition to this location being in Georgetown, Seattle's last true artist enclave, they are located on Michigan Street right off I-509/99 & I-5. The weed dispensary is close to West Seattle and Sodo. It's also easy to get to from SeaTac airport.

#### Strengths:

- First-class customer service
- Expert product knowledge from cannabis connoisseurs.

**Company's Website:** [www.thereefstores.com](http://www.thereefstores.com)



The store offering flower, pre-rolls, concentrates, edibles, topicals, and paraphernalia. They capture a customer for life every time someone visits the store by giving the fairest prices and the best customer service.

**Strengths:**

Shawn Kemp's Cannabis has a welcoming environment for everyone, whether people a cannabis connoisseur or are new to the green scene. In addition to its amazing location and free parking, they will be carrying over 2,500 products when we open, including paraphernalia.

**Company's Website:** [www.kempscannabis.com](http://www.kempscannabis.com)



The store's online menu is updated daily with the latest additions of cannabis flower, pre-rolls, edibles, drinkables, concentrates, waxes, oils, dabs, vaporizers, vaporizer cartridges, and topicals. The company only order small batches of limited products.

**Strengths:**

- Connoisseur-curated product selection
- Award-winning customer service
- The best bud on any budget.

**Company's Website:** [www.thebakereeseattle.com](http://www.thebakereeseattle.com)



## 5.0 Strategy and Implementation Summary

### 5.1 Competitive Edge

- At Royal Vibes Cannabis, we have a wide selection of marijuana strains, concentrates, vapes, edibles and accessories within a welcoming accessible space
- We carry and showcases products from local vendors that mirror community meanwhile giving back to those who have been disproportionately harmed or impacted by cannabis laws.
- Royal Vibes Cannabis provides high quality marijuana and carries only the best highest quality brands in the state to supply our customers with an array of natural products with proven results.
- We provide 24/7 online customer support through our website.
- We provide an easy way for customers to order online and get their products deliver anywhere in Seattle and its surroundings.
- The company promotes the beneficial effects of medical marijuana, CBD, and Hemp. Expressing the health benefits of using plant and hemp based products altogether.
- The products we sell, are grown in a controlled environment approved by the state. This will make the purity and safety of our products even more credible.
- It is extremely important to us to keep a standard of excellence, while also making sure we still have fun while doing what we do best. Quality is our number one focus. We strive to always produce a product we can be proud of.
- We are continuously monitoring COVID-19 updates to ensure we are following all Washington Health Department guidelines, and continuing to provide the safest and best products during these uncertain times.
- We are doing all we can to keep our employees, clients, and community safe.
- We can take quick actions based on changing market conditions.

## 5.2 Target Market Segmentation Strategy

Royal Vibes Cannabis will be a licensed cannabis dispensary in the State of Washington. Our primary target customers are cannabis community aged 21 and above who use cannabis for any purpose. We will also plan to target social media influencer for driving sales. Detailed segments are discussed below:

Targeted Segment	Portion of Revenue Generated
Cannabis community (Aged 21 and above)	80%
Social Media Influencers	20%

At Royal Vibes Cannabis in Seattle, WA, WE LOVE POT. And we love getting to know each person that walks through our door. We know each person has a different reason for visiting our cannabis store. And helping our customers sort through our extensive collection of cannabis is what we are most passionate about. When they visit our store we want them to feel comfortable and happy. Our Florists are experts on cannabis and know how different strains and terpenes create different effects. So we will give our customers the information they need to find the right products for them. If they are using cannabis to manage their anxiety, get some rest, or just relax and have fun — we have all the goodies: the most awesome bud, the best vapes, and the tastiest edibles. We are so excited to share our sweet little cannabis dispensary with the Seattle community.

We will generate 100% of our revenue form the above mentioned segments. We are influential, creative and out-going. Eclectic, contemporary, passionate—our cannabis products and services will be unrivaled for their quality and attention to detail. We will continuously seek feedback from our clients and work upon it to provide quality service and utmost satisfaction. Our staff will be passionate, highly capable and empowered to resolve any challenges that arise, ensuring efficient management of energy, labor and other variables.



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## 5.2 Marketing Plan

Cannabis is illegal under federal law, state governments and online advertising platforms are placing strict rules on how companies can market their products. Google, Facebook, and Twitter all have advertising policies that restrict the promotion of the sale of cannabis. Google's policy prohibits ads that promote "substances that alter mental state for recreation." Facebook restricts any "illegal, prescription, or recreational drugs." And Twitter bans "illegal drugs" as well as substances that cause "legal highs." Instagram and Facebook have decided to go a step further by removing pages of cannabis-related businesses. The most effective strategies for legal cannabis companies are online advertisements on WeedMaps and direct marketing via flyers. The marketing and sales strategy of Royal Vibes Cannabis will be based on generating long-term personalized relationships with vendors, distributors and hemp growers.

We will implement the following marketing plan:

### Business Website

A business website serves as the most important tool for marketing. It will bring our clients in contact with us and serve as an advertising board for our offerings. Very cost-effective, it will reach millions of clients. Its content will reflect business image and identity. Our marketing strategy will lead the contents displayed here.

### SEO (Search Engine Optimization)

Search engine optimization (SEO) has to be employed as it will bring our website at the top positions in natural search queries on widely used search engines like Google, Yahoo, and MSN. It will enhance the visibility of our website. It will make our website not only easy to locate but also easy for customers to order. It is the most popular form of targeted marketing as it brings people who look for what we are offering. Our web pages shall be optimized both 'On' and 'Off' page.

## Direct Mailing Program

When targeting clients, we believe this strategy gives us absolute control over the presentation of our marketing message. It is not only cost-efficient but can achieve quite a level of personalization and customization as well. When clients open it for a minute or so, it will receive their undivided attention. From projected marketing strategies, we can expect a 1% return which will be 15 new customers each day.

## Word-of-Mouth

Being a solution-driven customer support company, it is expected that Royal Vibes Cannabis further penetration and control of market share would be aided via marketing strategies that can wholesomely inform prospective customers about the service. More so, the founders' wealth of experience and exposure to a larger social, business, and industrial network would help to create further awareness about the company's products by using the most effective marketing tools. In an attempt to carve a niche and position the website as a brand of worth in the operating environment, word of mouth and direct selling may be the most effective marketing tools to be explored. Direct marketing approach will help to sell the existence of Royal Vibes Cannabis with absolute confidence while the word of mouth approach helps to spread the essential distinction and benefits in the company's offerings to target markets. Royal Vibes Cannabis shall invest in interpersonal relationships; efforts as warmth greetings and an open-ended question about how to serve customers better shall top the company's strategies in maximizing word-of-mouth advantage.

## Referral Marketing

Positive customer's testimonials and reviews are one of the most active forms of advertising and can be a crucial decision point for potential customers. Satisfied customers are incredibly inclined to discuss their experiences with friends, families, and colleagues; thus, resulting in lead generation for Royal Vibes Cannabis.

## Telemarketing Efforts

Telemarketing is a substantial alternation in the marketing communications mix that provides two-way personal communication between Royal Vibes Cannabis and potential customers. It is a system that combines telecommunication technology (voice, data, and network) with an effective management system for a planned and controlled operational outcome. Within the framework of Royal Vibes Cannabis marketing goals, telemarketing will become a focal point for initial prospect contacts, discussion with current customers, lead response to direct mail, advertising, and additional uses. The telemarketing effort will remain in effect for the entire marketing period, for it has proven to be one of the most cost-effective means of reaching potential customers. Initially, telemarketing will be utilized to communicate with prospective customers. Each prospect will be classified as to the level of interest demonstrated, and future follow-ups are actualized through this channel.

## Mobile Marketing

The popularity of smartphones and tablets has helped to change the way people can be targeted globally. It is assumed that all potential customers have mobile devices. Thus, texts and push notifications will almost certainly be seen by recipients. As a result, Royal Vibes Cannabis has already implemented strategies that reach customers on their mobile devices. Eventually, a mobile app will be essential for business growth.

## Online Advertising

We will be advertising on WeedMaps. WeedMaps is the number one site for consumers to find retailers. The company's cloud-based software and data solutions includes point of sale, logistics and ordering solutions that enable us to scale our business while complying with the complex and disparate regulations applicable to the cannabis industry. We are understanding the intricacies of the platform and having a strategy is the key to successfully capturing customers from this resource.



### 5.3 Sales Strategy

We are mindful of the fact that there is stiff competitions amongst professional companies in Washington; hence we have been able to hire some of the best business developers to handle our sales and marketing. Our sales and marketing team has been recruited based on their vast experience in the cannabis industry, and they will be trained regularly to be well equipped to meet their targets and the overall goal of the organization.

Royal Vibes Cannabis is set to make use of the following marketing and sales strategies to attract clients;

- ∞ Continuing with manufacturers and dispensaries
- ∞ E-mail Marketing
- ∞ Direct flyers and leaflet
- ∞ WeedMaps marketing strategies
- ∞ Add Text Blasts Website development with search engine optimization
  - Keywords
  - Fresh content
- ∞ Cannabis industry platforms and directories such as Leafly and vendor website.

## 6.0 SWOT Analysis

### Strengths

- The Company has a development plan to ensure the consistency and quality of the products
- The management team has a deep network of wholesale relationships in the space that will ensure constant product velocity and favorable terms
- We promote black community as our large selection of products from black, minority and female owned growers and producers
- Despite market saturation and regulatory changes, the management team has been able to navigate through obstacles and operate a successful recreational cannabis business.
- Deep understanding of the market gained through years of experience and trial and error
- We have a lens focused on uplifting working and giving back to community
- Proven ability to react quickly and adapt to market changes.

### Weaknesses

- The main weakness of the sound business model is lack of funding. If funding is secured, the long-term prospects for the success of Royal Vibes Cannabis are nothing less than exceptional
- Market saturation may lead to depressed wholesale prices

### Opportunities

- Have a proven marketing strategy that can be implemented in Hesperia to generate large volumes of revenue
- Growing interest and demand for natural, alternative medicine
- The trend toward greater cannabis legalization, including the use of cannabis for recreational purposes

- Medical Cannabis is increasingly being socially acceptable within the state.

## Threats

- The threat of new entrants or existing ones offering the same services like ours in an already stiff competitive scenario
- Enforcement of federal law
- Possible cannabis law changing
- Indicators of a slowed global economy
- Financial failure may restrain expansion and hamper operational efficiency.

## 7.0 Risk Analysis

Risk	Description	Impact Level	Mitigation Strategy
<b>Operational Risk</b>	Having adequate personnel and operating efficiently	<b>High</b>	<ul style="list-style-type: none"> <li>Employing professional employees</li> <li>Employing support staff during peak periods</li> <li>improve work efficiency</li> <li>Build good relationships with clients</li> </ul>
<b>Competition Risk</b>	Declining business revenue or margins due to the actions of a competitor(s)	<b>Low</b>	<ul style="list-style-type: none"> <li>Improve competitive advantage</li> <li>Offer superior service that will build loyal customers</li> <li>Implement effective marketing strategies to attract customers</li> </ul>
<b>Compliance Risk</b>	Exposure to legal penalties, financial forfeiture, and material loss an organization faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.	<b>Low</b>	<ul style="list-style-type: none"> <li>Seek legal advice on new legislation and industry-specific regulations</li> <li>Create a quality assurance team</li> </ul>
<b>Litigation and Lawsuits</b>	Legal issues arising from accusations against fraudulent activities, and cannabis legalizations	<b>Low</b>	<ul style="list-style-type: none"> <li>Constant supervision</li> <li>Have appropriate insurance policy i.e. General liability insurance</li> </ul>
<b>Economic Risks</b>	Economic downturns, recession, peak and down periods all affect sales.	<b>Medium</b>	<ul style="list-style-type: none"> <li>Extensive marketing strategies</li> </ul>
<b>Financial Risk</b>	Inadequate funds to continue operations	<b>Medium</b>	<ul style="list-style-type: none"> <li>Develop a strategic relationship with investors by sending proposals showcasing the business value proposition</li> <li>Aggressive marketing strategies</li> </ul>



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## 8.0 Milestones

Checklist	Progress
Business Name Availability Check	Completed
Business Registration and Licensing	In Progress
Creating of the website	In Progress
Application and Obtaining Tax Payer's ID	In Progress
Application for business license and permit	In Progress
Purchase of Insurance for the Business	In Progress
Renting our Business flagship facility	Completed
Conducting Feasibility Studies	In Progress
Writing of Business Plan	Completed
Design of The Company's Logo	In Progress
Graphic Designs and Printing of Marketing / Promotional Materials	In Progress
Recruitment of employees	In Progress
Creating Official pages on social media platforms	Completed
Creating Awareness for the business both online and offline	In Progress

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Royal Vibes

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