Building Brand Equity in a Stigmatised Market: A Cannabis Industry Case Study

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1. ABSTRACT

In 2018, South Africa decriminalised recreational cannabis use and private cultivation, since then, cannabis businesses have been established to meet the demand. However, marketing activities remain limited in this industry and businesses are unable to disseminate promotional messages, however as a solution, firms can promote their brands and positioning instead of the actual product (Bick, 2015). Branding is essential to create differences among cannabis firms and to attract and keep customers (Abrahamsson, 2014). Building cannabis firms into brands can better position them in the mind of the consumer so that they become and remain competitive.

The aim of this study was to explore how South African cannabis retailers can build brand equity in a stigmatised market, despite significant restrictions on marketing efforts. Keller's (2001) customer-based brand equity (CBBE) model was used as the as the theoretical framework and explored how cannabis firms build their businesses into brands through developing their brand identity, meaning, performance and relationships, and ultimately creating brand equity.

The study employed a qualitative research method, using semi-structured in-depth interviews among 17 participants to gain insights from cannabis owners and marketers in the recreational cannabis environment. Most findings were presented according to the blocks of CBBE model. Furthermore, a conceptual framework named the stigma-based brand equity (SBBE) model was adapted from Keller's CBBE model to include an additional building block that accounts for industry-specific characteristics unique to stigmatised markets. Findings revealed the pervasiveness of education and its significance to brand building in a stigmatised industry. Results also demonstrated the overall effect stigma has on businesses and their consumers due to the longstanding negative evaluations of cannabis. Hence, through stigma-bonding, brands can develop deep identity-related psychological bonds with their consumers that will potentially lead to strong brand resonance.

This study aims to contribute business-relevant knowledge for firms operating in core-stigmatised markets under controlled marketing regulations, by exploring how cannabis firms can build brand equity. Practically, this study presents recommendations for retailers in stigmatised markets on how to destigmatise, build brand identity, create brand meaning, elicit desired brand responses, and develop brand relationships – ultimately building brand equity.

Keywords: *Organisational stigma, brand equity, cannabis*

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1 CHAPTER: INTRODUCTION

1.1 INTRODUCTION

The steady normalisation and exposure of recreational cannabis use signals further cultural and market acceptance. This is evident based on progressive cannabis legislature and the burgeoning virtual marketplace as a source to purchase recreational drugs (Coomber, Moyle & South, 2015). Furthermore, in the United States, the legalisation of recreational cannabis use has observed an increase in the number of licensed cannabis businesses (Amiri, Monsivais, McDonell & Amram, 2019). Hence, as the retail cannabis market grows, firms should consider branding to develop their brand image to enhance differentiation, and positively influence buying behaviour as consumers choose among competing offers (Mudambi, 2002). However, it is important to note that because the cannabis industry is subject to core stigma, firms may struggle to achieve broad-based societal acceptance and support, as well as access resources such as financing to survive (Lashley & Pollock, 2019; Hudson & Okhuysen, 2009).

Although harmful stereotypes attached to core stigma are difficult to deviate from (Grougiou, Dedoulis & Leventis, 2016), Hudson (2008) asserts that stigmatised firms are still able to thrive. As a result, an increase in stigma and impression management research has presented strategies that assist stigmatised firms to counter negative associations of the stigma by way of various strategies (Durand & Vergne, 2015). These include disseminating positive aspects of their activities, educating audiences about the stigma and engaging in corporate social initiatives (Grougiou, Deboulis & Leventis, 2016; Peltzer & Ramlogan, 2007). This paper will explore branding as a strategy to counter the negative associations attached to cannabis firms.

Keller, Aperia and Georgson (2012) discuss how brands can be built through a sequence of steps based on the customer-based brand equity (CBBE) model. Cannabis firms can apply the CBBE model and implement brand-building strategies that use the stigma to their advantage (Lashley, 2015). Firms can attract consumers who share similar values and build customer-relevant brand associations to elicit desirable responses (Helms & Patterson, 2014). These firms can align or alter specific organisational practices to audience expectations to gain audience consideration (Hudson & Okhuysen, 2009). This study will use Keller's (2001) CBBE model as the theoretical framework and explore how firms operating in the cannabis market can build their businesses into brands through developing their brand identity, meaning, performance and relationships, and ultimately creating brand equity.

Since South Africa decriminalised recreational cannabis use and private cultivation in 2018 (de Villiers, 2018), cannabis businesses have been established to meet the impending demand of the nascent industry. Marketing activities remain limited in this industry and businesses are unable to disseminate promotional messages, however as a solution, firms can promote their brands and positioning instead of the actual product (Bick, 2015). Kuhn, Alpert and Pope (2008) note that branding theory is widely acknowledged in consumer markets, however the nature and application of brand-building and management literature in stigmatised markets remains under-researched. Therefore, the undertaking of this study aims to contribute business-relevant knowledge for firms operating in the cannabis industry under strict controlled marketing regulations. The primary objective of this study is to explore how South African cannabis businesses can build customer-based brand equity in a stigmatised industry, by conducting qualitative in-depth interviews with cannabis business owners or marketing managers.

The outline of this proposal begins with key background literature, followed by the broad research problem, and methodology to the study.

1.2 BACKGROUND

1.2.1 Stigmatised markets and organisational stigma

Goffman (1963) defined stigma as a deeply discrediting attribute that is "contrary to the norm of a social unit" (Stafford & Scott, 1986:80). A norm is defined as a shared understanding that a subject ought to behave in a certain way at a certain time (Link & Phelan, 2001). Goffman's seminal work focused on the individual and how tainted discernible characteristics such as race, religion, sexual orientation, and nationality deviated from societal norms and thus stigmatised (Lashley & Pollock, 2019). While Goffman's work focused on stigma at the individual level, this research focuses on stigma in an organisational context.

Organisational stigma is an emerging field of research in organisational studies that focuses on stigma associated with an organisation in relation to its stakeholders (Jensen & Sandström, 2015). Hudson (2008) notes that organisational stigma theory strives to understand how organisations that cannot gain broad-based societal acceptance are able to survive and thrive as audiences are motivated to avoid stigmatised firms, thereby preventing stigma transfer (Lashley & Pollock, 2019). Examples of such firms are the firearm, tobacco, nuclear energy, gambling, and alcohol sectors due to their perceived deviation from broadly endorsed societal standards (Grougiou et al, 2016).

Stigmatised firms are perceived by groups of stakeholders as possessing characteristics or "values that are expressly counter" to their own (Lashley, 2015:1). These stakeholders fundamentally associate firms with

stigmatised industries because of their outputs, operations, and routines. This association is characterised as core-stigma – a form of illegitimacy. Hence, stigmatised industries possess characteristics that bear devalued attributes in a social context and deviate from broad-based endorsed standards of organisational behaviour (Grougiou et al, 2015; Lashley, 2015; Link & Phelan, 2001).

Research on the nature of stigma has revealed insights into how stigmatised individuals and groups manage to avoid discrediting events through avoidance, overcompensation, and concealment (Clair, 2018; Kusow, 2004). Organisational stigma research has presented stigma management or impression management (IM) tactics (Table 1) designed to influence the perceptions of stigmatised firms' identities to avoid or reduce audience disapproval (Lauwo & Otusanya, 2019; Carberry & King, 2012).

Table 1: Types of organisational stigma IM tactics

Type	Description
Direct tactics	Used to present information about the organisation's own traits, abilities, and accomplishments
Indirect tactics	Used to enhance or protect the organisations image by managing information about the people and things with which the organisation is associated
Assertive tactics	Used when organisations see opportunities to boost their image
Defensive tactics	Used to minimise or repair damage to the organisations image.

Source: Terrell & Guo (2011)

1.2.2 The cannabis industry as a stigmatised market

The cannabis market as an industry-category is predicated on a product that is subject to core stigma: deeply rooted negative evaluations or illegitimacy (Lashley & Pollock, 2019). However, Helms, Patterson and Hudson (2019) argue that stigma is not illegitimacy – these are separate concepts. The authors insist that stigmatised actors can be legitimate, as in the case of the Planned Parenthood Association of Southern Africa (PPASA). Although PPASA may embrace their stigmatised identity and, resist pressure to conform to ideological standards held by certain audiences, they still gain support from other audiences as a result (Ashforth, 2018). This idea applies to actors in the cannabis industry who have the support from marijuana users willing to purchase their products and believe in the therapeutic and recreational benefits of the plant. For the purposes of the study, the researcher will explore firms that retail THC-based (Tetrahydrocannabinol) products for recreational use.

Cannabis is undergoing a normalisation process indicated by its increased consumption, social tolerance and improved socio-cultural and legal acceptance of its use in more countries (Hathaway, Comeau & Erickson, 2011). Brace and Andrews (2019) report that numerous' cannabis users in the United States have substituted traditional product categories such as prescription drugs and vitamin supplements with cannabis. This affirms the existing and growing demand for cannabis. However, its stigmatised and illegal status is still a challenge with the threat of users consequently facing legal penalties (Hathaway et al, 2011). Although Lashley (2015) argues that firms operating in core-stigmatised industries are less likely to attain the legitimacy, resources (permits, funding, etc.) and support needed to survive, Helms et al (2019) insist that while some audiences may stigmatise a firm, others will grant the firm the legitimacy necessary for continued operations and engagement. Furthermore, it is essential to understand that stigma's deviance is held in the perceptions of different audiences, and it is not necessarily inherent to the targeted consumer (Helms et al, 2019). Thus, cannabis firms have the opportunity to engage with this targeted audience and reaffirm their brand identity and meaning to retain its legitimacy among this audience.

Subsequent to audience disapproval, sanctions are placed on these firms and their identity and brand image are scrutinised, threatening the firms' survival, and making it difficult for them to reposition themselves to gain mainstream approval (Lashley, 2015; Hudson, 2008). However, firms can use this stigma to attract the support of consumers who share similar values by linking and aligning specific brand associations to audience expectations to gain consideration (Lashley, 2015; Helms & Patterson, 2014; Hudson & Okhuysen, 2009). For example, a cannabis firm may choose to project an image of a crusader, concerned with the user's agency and societal progress (Noll, 2013). The firm could strategically embed organisational activities in broader value or belief systems that emphasise the beneficial nature of the product and the organisations existence while de-emphasising the stigmatised attributes of the product (Hudson, 2008).

Businesses that opt to take such an approach to building brand equity can apply the CBBE model. Keller (2001) asserts that the CBBE model provides a measure by which brands assess their brand-building efforts as well as a guide for their marketing research initiatives.

1.2.3 Regulation and marketing of the cannabis industry

Sriaranyaku (2018), states that marketing restrictions are government laws and regulations placed on consumer goods to limit or control the use of marketing tools on restricted product categories. Marketers in 'sin' sectors experience some form of political, legal, and sociocultural challenges when marketing their

products (Sriaranyaku, 2018). Just as tobacco, cannabis is a consumer product that has stringent marketing and communication regulations typically because of public health concerns (Parker, 2018; Sriaranyakul, 2018). Media channels such as billboards and newspapers are legally prohibited from accepting money related to drugs. These strict controls on any form of advertising may require plain packaging or hiding the product from view; these marketing bans may become stricter due to changes in the perceived effect that the product has on individuals or the society (Sriaranyakul, 2018).

Although the South African media can report on the emerging cannabis industry, cannabis businesses have to remain careful on how they communicate their offerings. Businesses with social media accounts need to navigate Facebook and Instagram guidelines as any posts or pages that violate these guidelines will be removed or banned (Nevill, 2020). As the government formalises its master plan and considers advertising regulations in the South African recreational cannabis market, they should look at further developed markets such as Colorado and Washington as a benchmark when implementing advertising laws. In the state of Colorado, laws restrict mass media advertising that may potentially reach thirty percent or more of the audience under the age of twenty-one; online content with marijuana advertising must block minors. All signage, flyers and pamphlets are restricted as their reach cannot be controlled. For example, South African businesses can limit who sees their online content through requesting ID numbers or asking consumers to provide their age before accessing the site, and government can allocate the radius in which advertising is permitted with brick-and-mortar businesses (Urban, 2014).

Impression management research shows that stigmatised firms counter negative publicity with disseminating positive aspects of their activities (Durand & Vergne, 2015). It is important to note that with stigmatisation, scrutiny may hinder a firm's ability to decouple business activities and engage in routine impression management as it reinforces the outsiders' perceptions and suspicions about the industry (Grougiou et al, 2015). Firms can counter this perceptual assumption by marketing the brand and not just the product. Enslin and Klopper (2015) note that brands are strategic assets that drive future cash flow, add value to customers and are a key driver of business results. Therefore, this study aims to contribute to brand-building and brand management theory and by discerning how cannabis businesses can achieve brand equity and subsequently have access to benefits associated to being a brand despite their stigma.

According to Parker (2018), consumer products will be revolutionised with the opening of the cannabis industry, with a range of product offerings from medical to recreational use. The researcher will explore how South African businesses operating in the recreational cannabis industry can develop their brands despite social perceptions and stigmatisation by building their brand identity, (identify the brand with

customers); brand meaning, (build tangible and intangible brand associations); brand responses, (elicit appropriate brand responses), and brand relationships, (convert brand responses to loyal relationships) (Keller 2001).

1.3 PROBLEM STATEMENT

Branding is essential to create differences among cannabis firms and to attract and keep customers (Abrahamsson, 2014). Although 83% of cannabis customers have a planned list of items they want to purchase before their trip, they usually have not decided where they will shop and buy (Brace and Andrews, 2019). Hence building cannabis firms into brands can better position them in the mind of the consumer so that they become and remain competitive (Keller, 2001). The researcher will use the CBBE model to explore how cannabis firms can create brand equity.

Customer-based brand equity is a result of the consumer's high level of awareness and familiarity with the brand, where consumers hold strong, favourable and unique brand associations in their memory (Keller *et al*, 2012). However, the obscure marketing regulations placed on the cannabis industry reduces firms' exposure and opportunity to build awareness and create relationships through marketing activities. These restrictions are placed on cannabis firms to limit the purchase or consumption of cannabis products and typically constrain the type of information provided within marketing communications from the company (Sriaranyakul, 2018).

Kim and Chao, (2019) explain that a brand has positive CBBE when consumers react favourably to the product and how it is marketed; the opposite applies in the case of negative CBBE. Due to the limitations placed on how cannabis products can be marketed, brands in this industry need to strategically communicate their brand identity (to build awareness) and brand meaning (linking brand associations to certain elements) to elicit proper customer responses and build brand relationships (Mionic & Lindgarde, 2020, Keller et al, 2012). In the case of the tobacco industry, marketing has played a crucial role in attracting new users, shaping consumer perceptions, promoting continued use, and building brand loyalty (Berg, Henriksen, Cavazos-Rehg, Haardoerfer & Freisthler, 2018). Berg et al (2018) note that an increased percentage of cannabis sales are from newer commercialised products, such as edibles, concentrates, and topicals (e.g., lotions, make-up), which likely reflects the marketing efforts and investment in promoting newer products. Cannabis brands can employ brand-building strategies, similar to that of the tobacco industry, that build positive CBBE in different ways relative to non-stigmatised firms (Sriaranyakul, 2018).

Globally, firms in the tobacco industry have implemented strategies to engage stakeholders, counter marketing constraints to create brand recognition and drive sales. According to the World Health Organization (2009), tobacco companies use the following tactics to interfere with tobacco control: political lobbying and campaign contributions, financing of research, and engaging in social responsibility initiatives as part of public relations campaigns. Moreover, tobacco firms have adopted experiential, on-premises, influencer, and digital marketing strategies to fill the consumer knowledge gap created by the advertising ban. Campaigns were developed to create memorable messages without breaking any consumption or product display rules. Instead, the campaigns drew on the brands associated character, colours, visual symbols, and history (Sriaranyakul, 2018). Thus, creating brand-specific characters or personas, visual symbols and communicating the brands heritage can assist cannabis businesses in their branding efforts. Furthermore, firms can benefit from lobbying policymakers to bring attention to legislative change, financing academic research to expand to the body of knowledge in this space, and engaging in corporate social initiatives to create a positive brand image and community support.

According to New Frontier Data (2019), the cannabis consumers' behaviour deviates significantly from traditional consumer segments. Kataria and Saini (2019) noted that attitudinal and habitual behaviours may affect brand equity outcomes, therefore brands need to understand their consumers behaviour to create brand strategies aimed at the 'right audience' which will consequently yield positive CBBE. Brace and Andrews (2019) reported that cannabis shoppers navigate a retail channel in which layout, communication and product assortment is driven by regulation such as identification collection and communication expectations (discussions of health claims). These restrictions shape the shopper experience and their engagement with the brand and path to purchase is unique and has implications on retail channels and categories.

Organisations aim to build strong brands with significant brand equity (Mionic & Lindgarde, 2020). However, due to marketing limitations and restrictions, vague and unformalised regulations, and social stigma, cannabis firms are unable to disseminate promotional messages unlike traditional firms in non-stigmatised industries. This may be challenging for marketers in the cannabis industry as they need to promote reenforcing messages to encourage recall and recognition, ensure that consumers have the right type of experiences with the brand (Mionic & Lindgarde, 2020; Keller, 2001). The CBBE model provides marketers with useful insights to set strategic brand blueprints (Keller, 2001), and to navigate the attributes of each building block with the goal of building brand equity.

1.4 RESEARCH AIM AND OBJECTIVES

The aim of this study is to explore how cannabis retailers can build brand equity in a stigmatised market, despite significant restrictions on marketing efforts. Research objectives were formulated to fulfil this aim, and are as follows:

1.4.1 Primary objectives

To explore how South African cannabis businesses can build customer-based brand equity in a stigmatised industry. Based on Keller's Customer-Based Brand Equity model, the following secondary objectives were formulated:

1.4.2 Secondary objectives

1. To explore how South African cannabis businesses can develop brand identity in a stigmatised industry.
2. To explore how South African cannabis businesses can develop brand meaning in a stigmatised industry.
3. To explore how South African cannabis businesses can develop brand responses in a stigmatised industry.
4. To explore how South African cannabis businesses can develop brand relationships in a stigmatised industry.

1.5 THEORETICAL FRAMEWORK

Brand equity has received a substantial amount of marketing attention throughout the years as a critical area in marketing management (Paul, 2019). There are several definitions of brand equity that vary depending on the context of which the phenomenon is studied (Keller, 1993). Aaker (1991, 1996) and Keller (1993, 2001, 2003) have developed the most prominent brand equity models aimed to guide the brand management process. Their seminal contribution has offered a fundamental conceptualisation of brand equity towards various areas of marketing research and brand management in industry (Eusebius, 2020). However, Kuhn et al (2008) considers Keller's CBBE model to be the most comprehensive and realistic model for guiding the brand management process. The two models have been defined and discussed in further detail in literature review section. Keller (1993) states that brand equity is strategy-driven and enables marketers to improve their marketing productivity in terms of product positioning and target market definition (Mionic & Lindgarde, 2020). For this reason, among others, the researcher will apply the

CBBE model to businesses in the cannabis market in order to strategically build their brand, and consequently their brand equity, despite the stigma attached on the product.

Keller (2001) introduced the CBBE pyramid (Figure 1) to highlight how firms can build strong brands and how customers will respond to marketing efforts (Abrahamsson, 2014). This model consists of six brand building blocks, organised to form a pyramid, and was the first to incorporate the brand building concept in the process of CBBE (Mionic & Lindgarde, 2020; Keller, 2009). Significant brand equity is attained once brands reach the top of the pyramid – brand resonance (Mionic & Lindgarde, 2020). Keller (1993:8), defined CBBE as "the differential effect of brand knowledge on consumer response to marketing of the brand." However, Kuhn and Alpert (2004) note that the results that brand knowledge has on consumer response to a brand's marketing activities are realised when the brand is known and when the consumer possesses favourable, strong and unique brand associations.

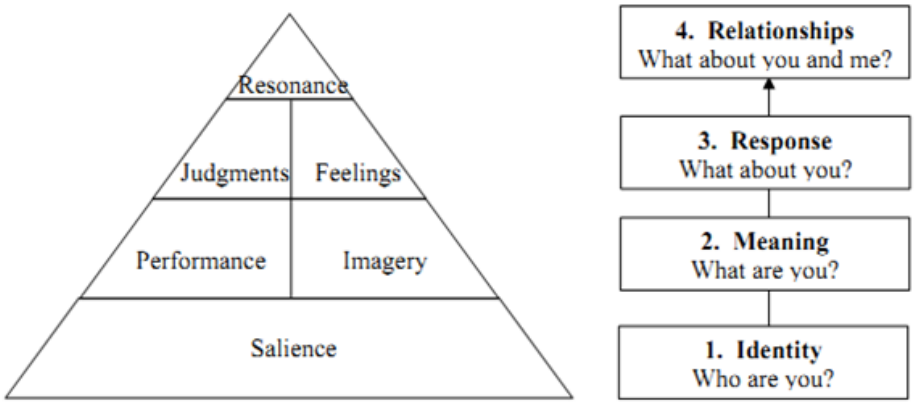


Figure 1: Keller's Customer-Based Brand Equity Pyramid (Keller, 2001)

Both Keller and Aaker's (1991) brand equity models emphasise brand awareness and brand association as the necessary elements to having a strong brand (Mionic & Lindgarde, 2020). Aaker's CBBE concept consists of brand awareness, brand associations, brand loyalty, and perceived quality. While Keller (2009) notes that building brand awareness includes connecting the brand to specific associations in the mind of the consumer and ensuring that they understand the product category the brand is competing in (Mionic & Lindgarde, 2020). Although Aaker (1991) and Keller (2008) both define brand equity from the consumer's perspective, Aaker's brand equity model includes an additional brand asset dimension called 'other proprietary brand assets', which refers to patents, trademarks, and channel relationships. The CBBE model was developed after Aaker's model and builds upon it. Keller's CBBE model may not acknowledge this

dimension because these assets provide value directly to the organisation, and not the consumer, therefore, they do not form part of the consumer-based view of brand equity. Moreover, Keller's CBBE model has a marketing perspective, it supports the view that brand equity is of value to all stakeholders (investors, the manufacturer, and the retailer) only if there is value for the consumer (Steenkamp, 2016).

According to Sriaranyakul (2018), Keller's CBBE pyramid is both useful and flawed. The model's utility and purpose are clear: it explains how brands, retail customers and direct consumers interact in a commercial marketing environment, and that the value of these interactions help to build brand equity. However, the author urges that the model needs to expand its application and testing to validate it and if necessary, to develop it in different contexts. According to Steenkamp (2016), the CBBE model is regarded as the most comprehensive and accepted brand equity model to date. In this paper, the researcher will apply the CBBE model to the stigmatised cannabis industry. Mionic and Lindgarde (2020), further critique the model's uncertainties on how brands can progress to different building blocks to achieve brand equity. This model was selected irrespective of these critiques as it provides a new dimension to what brand equity is and how it is built (Mionic & Lindgarde, 2020), making it valuable and appropriate for the purposes of this study.

1.6 RESEARCH METHODOLOGY

The purpose of this study was to explore how businesses in the cannabis market – a stigmatised sector – can build brand equity. Keller's CBBE pyramid will be used as the basis of this exploration. To achieve the research objectives, an appropriate research methodology needs to be undertaken. This section will discuss the research design which includes the data collection, population sampling and data analysis. The concluding section will address ethical considerations.

1.6.1 Research design

This study is a cross-sectional explorative study and will employ a case study research design to achieve the objectives of the research. The study is underpinned by the interpretivism philosophy. The level of analysis for the study was at the firm-level and applied to the cannabis industry. The study focuses on how cannabis retailers can build their businesses into brands and subsequently create brand equity in a restrictive retail marketing environment in South Africa. South Africa was selected because it is the location of the researcher and it has relatively progressive legislature on the recreational use of cannabis, being one of six countries worldwide to have legalised recreational marijuana and amongst the largest producers and exporters of quality cannabis in the world (Morrissey, McCann, Torres & Whitney, 2019; Bala & Matsabisa,

2018). South Africa also has several established online and brick-and-mortar cannabis retail stores that operate under strict marketing regulations (Nevill, 2020).

The study will undertake a qualitative exploratory research design to gain an in-depth understanding of an emerging research topic (Passey, 2020). Qualitative research lends itself to developing knowledge in poorly understood or complex areas of organisational stigma (Fossey, Harvey & McDavidson, 2002). The research design is ideal for research topics where there is limited information available (Passey, 2020). According to Abrahamsson (2014) brand equity is studied using qualitative methods to identify sources of brand equity such as brand awareness, attitudes, and attachments.

In a case study framework, qualitative data is collected to build an in-depth understanding of a particular research problem (Fetters, Curry & Creswell, 2013). Case study research seeks to provide an in-depth understanding of occurrences or cases and develop practice-orientated knowledge (Creswell, 2007). However, case research is limiting as findings cannot be generalised (Sriaranyakul, 2018). The case study research design is appropriate for the study as the researcher aims to explore how cannabis firms can create brand equity despite their organisational stigma.

Similar studies have also employed a qualitative research methodology to explore organisational stigma. A study conducted by Lashley (2015) exploring the legitimation process of entrepreneurial firms on core-stigmatised industries. The researcher employed a qualitative, inductive research approach and followed a grounded theory methodology in order to gain an in-depth understanding of the subject. Interviews with entrepreneurs in the medical cannabis industry were conducted. Purposive sampling was initiated for the first five interviews then the researcher gained interviews through snowball sampling. This is a great technique to gain access to cannabis industry knowledge-bearers because of the nature of the discussion and participants may want to conceal or avoid their identity to 'outsiders'. The author managed to conduct 38 interviews.

Parker (2018) examined what the future of public relations would look like in the cannabis industry. The author conducted qualitative research to gain understanding into the cannabis industry, and attended various events, conventions and educational seminars throughout California which assisted with building a rapport with industry actors and securing interviews. Businesses in the South African cannabis market may be reluctant to participate in the study due to the threat of exposure or general distrust. Therefore, attending such events could help develop initial contacts that assist with identifying relevant firms for purposeful sampling.

Coslor, Crawford and Brents (2020), conducted a study focused on how emergent organisations with core stigma manage stigma and work towards official recognition. Their research explored on organisational stigma within the higher education examining student organisations focused on kinky sexuality in U.S. universities. However, the researchers used organisational constitutions, listserv communications and interviews for their data collection. Based on the parameters of their study, this was necessary.

1.6.2 Sampling

Sampling techniques are broadly categorised into probability and non-probability samples (Pace, 2021). In this study, non-probability purposive sampling will be used. A non-probability sampling design allows the researcher to purposefully select the elements that should be included in the sample based on a set list of characteristics (Pascoe, 2014). These participants will best assist the researcher to understand the problem and address the research question (Rutberg & Bouikidis, 2018). The business owner or marketing manager of a cannabis store is the best source of information regarding the marketing regulations placed on their industry. These knowledge experts would inform the researcher on how they approach brand-building strategies with regards to developing their brand awareness (salience/identity), brand associations (image/meaning), positive customer responses and relationships (resonance) (Keller et al, 2012).

Participants will be selected based on the following eligibility criteria:

- Firms should sell cannabis, growing equipment to cultivate cannabis or cannabis paraphernalia. The researcher will conduct an online search for cannabis retailers as South Africa does not have a publicly available database of cannabis firms. According to Geach (2019) there are approximately 70 dispensaries operating in South Africa and Cannabis Connect (2020) lists 23 online dispensaries in South Africa, this website will be used as the starting point of the search.
- Firms should offer recreational cannabis (plant or THC-infused products). Recreational cannabis is marijuana used without medical justification and usually contains more tetrahydrocannabinol (THC) than medicinal marijuana. THC is the psychoactive compound in cannabis. Medical cannabis is used for medicinal applications and contains a greater cannabidiol (CBD) content and does not produce any psychoactive effects (Hall & Weier, 2015).
- Firms must have a digital presence. Prior (2020) reports that there has been an increase in online shopping due to COVID-19. According to Todor (2016), digital marketing and social media have a significant impact on consumer behaviour and how companies do business. Therefore, firms have to adapt to the digital space as brand awareness and customer retention may increase when

digital and traditional marketing campaigns are integrated. However, because cannabis firms are prohibited from engaging in traditional marketing activities, reaching consumers through digital media will offer increased brand awareness, cost efficiency, greater audience reach, measurable impact of campaigns and direct engagement with followers (Todor, 2016).

- Medical dispensaries or firms specifically selling cannabis-based products for treatment purposes will be excluded from the sample as they are governed by different regulations – recreational dispensaries have stricter barriers against them. Moreover, these firms' product offering only provides therapeutic uses and have a different license to operate – medical cannabis license (Wallace, 2017). Audience targeting strategies and driving communication efforts to existing and potential customers for medicinal cannabis products will differ compared to communications from cannabis-lifestyle firms as the buyer's psychology (intention, motivation, etc.) and behaviour will not be the same.

Qualitative sampling is concerned with information-richness (Staller, 2021). Participants are selected based on who can appropriately and adequately inform the study so as to address the research objectives and to develop a description of the phenomenon being studied (Staller, 2021). Sandelowski (1995) notes that determining an adequate sample size in qualitative research is ultimately a matter of judgment and experience in evaluating the information collected against the uses to which it will be applied. According to Mason (2010), the mean sample size for qualitative interviews is 31. Marshall, Cardon, Poddar and Fontenot (2013) suggest that single case studies should generally contain 15 to 30 interviews. However, the sample size of the reviewed literature ranges from 6 – 90 or until there is informational redundancy or theoretical saturation (Islam & Mahmood, 2018). The sample size for this study will be 31 cannabis firms based on the mean of the sample size.

1.6.3 Data collection

The study will undertake an exploratory qualitative design. The researcher will conduct semi-structured virtual in-depth interviews in person or through Zoom with business or marketing managers of cannabis firms. Virtual in-depth interviews align with social distancing regulations and allow the researcher to record the session. Participants will be informed that their responses will be recorded. This data collection method was selected as the researcher can pose a series of questions guided by the CBBE framework to participants with the intention of learning more about the cannabis retail industry, how they navigate the industry-wide marketing ban (including the creation and implementation of communication strategies and the related challenges), their brand-building efforts and the challenges of operating in a core-stigmatised industry

(Berman, 2017; Strydom & Bezuidenhout, 2014). The primary aim of in-depth interviews is to obtain information using open-ended questions and allowing the participant to clarify a point and provide detailed explanations (Strydom & Bezuidenhout, 2014). The semi-structured interview uses an interview guide (Appendix 1) which provides some structure and direction for the interview whilst providing participants the freedom to challenge the researcher's assumptions (Sriaranyakul, 2008). The researcher will administer a pre-test interview to determine whether any difficulties in understanding and answering questions exist (Ankita, 2007).

1.6.4 Data analysis

The researcher will use thematic analysis with a discovery-focused analytical approach. This approach aims to establish patterns and connections from segments of text that contain meaning and may be viewed as theory-building (Fossey et al, 2002). Transcriptions from the in-depth interviews will be coded and organised into meaningful categories with the aim to expand and evolve a greater understanding of the data (Malhotra & Birks, 2006). The data will be interpreted based on how the emerging themes address the research objectives (Belotto, 2018), as the empirical data will be compared to the theoretical framework using the CBBE brand blocks (Mionic & Lindgarde, 2020). For instance, if the participant mentions that the brand elements are not well recognised, it will be analysed using the brand salience block since brand recognition and recall are subdimensions of this block (Mionic & Lindgarde, 2020; Keller *et al*, 2012).

1.7 ETHICAL CONSIDERATIONS

Participants who experience undue stress during the interview can pull out at any time should they feel the need to (Fossey et al, 2002). All the participants will be provided with sufficient information about the study and assured through a signed declaration (Appendix 2: interview consent form) that their personal details and opinions towards the subject matter will be kept confidential in the attempt to prevent individual stigma and victimisation. Participation is voluntary thus participants will be informed of their right to withdraw participation at any time without repercussion. No remuneration will be offered to the participants to avoid bias (Louw, 2014). The participants' confidentiality will further be secured through advising them that they can disable their video feature on the Zoom call, or they can opt to conduct the interview over WhatsApp calls as the calls are encrypted. All unauthorised access to the data will be restricted. Only the researcher and supervisor will have access to the data which will be kept in a password protected file on the researcher's laptop. Collected data will only be used for the purpose of this study; all

recordings and transcriptions will be deleted after five years as per as per Institutional Policy (McMahon & Winch, 2018).

1.8 CONTRIBUTION

Few studies (Laurie, 2022; Asquith, 2021; Davenport, 2021; Huff, Humphreys & Wilner, 2021) have explored the topic of firms operating in the cannabis market, specifically applying brand management theory. The researcher aims to develop business-relevant knowledge for firms that operate in a core-stigmatised industry under strict controlled marketing regulations by exploring how cannabis firms can build customer-based brand equity. This study will attempt to apply existing brand equity literature to an unexplored context with the aim of contributing theoretical knowledge on how Keller's (2001) CBBE model can be applied to businesses operating in the cannabis market. It also aims to contribute to research on brand equity within stigmatised industries.

1.9 CONCLUSION

The aim of the study is to explore how cannabis retailers can build brand equity in a stigmatised market, despite the significant restrictions on marketing efforts. This research proposal provided background and context into the study and discussed the motivations of the study in the problem statement and research contributions. The research methodology section presented the research design, data collection and data analysis method. The chapter outlined how the study attempts to address the research objectives and explore the research problem by discussing the relevance of the research design and instruments. The chapter provides elements about the suggested sample group and size. The ethical implications and limitations were addressed.

2 CHAPTER: LITERATURE REVIEW

2.1 INTRODUCTION

Literature on organisational stigma has gained significant attention throughout the years, with a growing interest of studies that focus on strategic actions taken by firms to manage their stigma, and improve the level of audience engagement (Abramsson, 2020; Khessina, Reis & Verhaal, 2020).

Early work examining social stigma and organisations can be traced to Hughes (1958) who examined that some organisational practises were physically, socially, or mentally tainted. However, his work focused on occupational stigma and ignored the organisation as a whole (Hudson & Okhuysen, 2009). Studies have explored how organisations become stigmatised, the penalties they experience as a result of the stigma and how these organisations can manage and/or remove the stigma (Khessina, Reis & Verhaal, 2020). With this in considerations, it is important to note that although more recently, studies have focused on stigma at the organisational level, fewer literature marries organisational stigma and brand management theory. Thus, there is a gap in the field to be explored.

The purpose of the study is to explore how cannabis retailers in South Africa can build brand equity. Thus, this paper attempts to present a theoretical discussion on the concepts of organisational stigma and customer-based brand equity. Each concept will be unpacked in the context of the recreational cannabis market.

2.2 ORGANISATIONAL STIGMA

Social science research on stigma has grown throughout the years, and in recent years, scholars have focused on stigmatisation on the organisational level – organisational stigma (Devers, Dewett, Mishina & Belsito, 2009). Organisational stigma can be defined as a discrediting label that evokes a group-specific perception that an organisation possesses a deep-seated flaw that deindividuates and discredits it (Khessina, Reis & Verhaal, 2020; Devers et al, 2009). Hudson and Okhuysen (2014) add that organisational stigma involves the discrediting of the entity and its participants and activities.

Drawing on Goffman's (1963) seminal work on stigma on the individual level, extant research has applied the concept to organisations and explored the origins and consequences of a deviated image related to an episodic negative event such as the college admissions scandal (Hudson, 2008). This type of organisational stigma is called event stigma: the result of a circumstantial or unusual event in the organisations history. In this instance, organisations attempt to repair their image by mobilising resources to recover lost social

support (Hudson & Okhuysen, 2009). However, in this paper the stigma relates to the organisations core attributes, such as its activities, outputs and/or customers, that are perceived to violate socially endorsed standards and norms (Helms, Patterson & Hudson, 2014; Hudson & Okhuysen, 2009). The source of the stigma resides beyond the specific organisation but in the identity of the market itself (Khessina, Reis & Verhaal, 2020). This type of stigma is called core-stigma and unlike event-stigmatized organisations, they cannot repair their stigmatised image to obtain social approval and endorsement (Hudson & Okhuysen, 2009).

Core-stigmatisation is of a permanent nature as it is fundamentally based on a breach of institutionalised values which are perceived as incongruent to endorsed corporate behaviour (Grougiou et al, 2015). Just as alcohol, tobacco and gambling firms, cannabis has long been denounced for its addictive nature and health implications and the devastating social impact on families and communities linked to it use and illegal distribution (black market sales) (Grougiou et al, 2015). Stigmatised firms will constantly remain under the social microscope of value judgments which may continue to aggravate the negative public perceptions of the industry (Grougiou et al, 2015). Organisations, just as individuals, are accountable to multiple social audiences with various values, ideologies and beliefs which may disqualify them from full social acceptance. (Hudson & Okhuysen, 2014). Nonetheless, stigmatised organisations can survive and thrive despite their stigma and its consequent identity issues by proactively implementing impression management tactics to protect or repair their image and identity to demonstrate their ethicality, responsibility, and morality (Khessina et al, 2020; Lauwo et al, 2019). This paper will explore how cannabis retailers can build a brand and create favourable associations, judgements, and feelings (Steenkamp, 2016).

Research on stigma management has explored strategies that organisations implement to manage their stigma and improve engagement with audiences (Khessina et al, 2019). According to Khessina et al (2020), strategies that focus on concealing stigmatised activities are most common. For instance, stigmatised organisations operate in isolated locations and use discreet signage to hinder casual recognition (Khessina et al, 2019; Hudson & Okhuysen, 2009). Less common strategies focus on co-optation and reframing. This requires organisations to actively construct attributes that focus on their stigma and persuade audiences to reconsider their negative evaluations (Khessina et al, 2020; Lashley & Pollock, 2020; Helms & Patterson, 2014).

Core-stigma is the negative social evaluations of a firms core organisational outputs, routines and/or customers. These deeply rooted negative evaluations require systematic strategies to minimise their impact (Hudson, 2008). Lauwo et al (2019) state that impression management plays a role in restoring

reputation, image, and legitimacy. Core-stigmatised firms can manage their image by deciding on the quantity and range of information they share, as well as the type of language and tone used in social and environmental disclosures (Lauwo *et al*, 2019). Building customer-based brand equity can qualify as impression management as brands can influence brand awareness, attitudes and responses while distancing themselves from the core-stigma (the product).

Khessina et al (2020) urge that the primary objective of any effective stigma management strategy is to improve stakeholder engagement to ensure continuous interaction and exchange of resources. Audiences (customers, suppliers, or regulators) may avoid stigmatised organisations to mitigate stigma transfer as they believe that any association to the organisation, for instance: a men's bathhouse or abortion clinic, may stigmatise them. Individuals or organisations have reported experiencing shame and embarrassment from the association (Hudson & Okhuysen, 2009). The same applies to medical cannabis consumers with valid prescriptions for a diagnosed medical condition. Recipient's fear being labelled as drug users, so they look for discreet ways to interact with medical marijuana dispensaries to manage their stigma transfer concerns (Khessina *et al*, 2020). Thus, organisational stigma can threaten the long-term success and viability of cannabis firms operating in South Africa as the expected consequences from engaging with stigmatised organisations motivate audiences to minimise or eliminate contact with stigmatised firms, or privately support and engage in phantom acceptance by conforming to expected norms of behaviour (Goffman, 1963).

Qualitative studies have greatly expanded our knowledge on the interaction between stigmatised firms and their audiences (Helms & Patterson, 2014). Most focus on organisational tactics aimed at reducing stigma rather than directly on audience reactions. Furthermore, research on stigma does not directly establish whether stigma management tactics have the desired effect on audiences (Khessina et al, 2020). This paper aims to explore how cannabis firms can develop customer-based brand equity as a destigmatisation strategy and engage consumers through their brand identity and values. This paper will not attempt to report on whether brand equity will achieve the desired effect on the targeted audience.

2.2.1 Stigmatised legalised markets: Cannabis market

The cannabis market existed as an informal illegal economy in South Africa before it gained regulatory legal status. Khessina et al (2020) refer to such industries as legalised markets. The alcohol industry became a legalised market after its Prohibition was in 1933 in the United States. Since cannabis use has gained legal status, marketing and advertising legislation is still in its initial stages and remains undefined (Nevill, 2020).

Legalised industries can acquire resources and survive in the market as they already possess a degree of legitimation amongst certain audiences (Khessina et al, 2020 & Helms, Patterson, & Hudson, 2018). However, these industries may remain stigmatised due to their enduring association with their illicit past and the continued sales and distribution in the black market (Khessina et al, 2020). Recent studies (Khessina *et al*, 2020) suggest that stigma and legitimacy are two distinct constructs hence organisations and their actors can be both stigmatised and legitimate at the same time (Devers *et al*., 2009; Helms, Patterson, & Hudson, 2018). Previously, Hudson (2008) proposed that core-stigma is a strong form of illegitimacy. However, he, along with Helms and Patterson (2018) later reported that referencing these concepts equally was fundamentally flawed. Equating the broad concept of stigma to a generalised state of illegitimacy could misleadingly eliminate the distinguishing nuances of stigma and create further construct confusion over legitimacy (Helms et al, 2018). Rather, the authors insist that organisations must simultaneously manage stigmatisation and legitimating evaluations of the audiences (Helms et al, 2018).

Khessina et al (2020) further asserts the difference between these constructs, arguing that market destigmatisation differs from cognitive and socio-political legitimation. A market attains socio-political legitimation when it complies with institutional regulations, and achieves cognitive legitimation when audiences start experiencing recurring direct and indirect exposure to multiple firms operating in the market over period of time. Consequently, audiences will start building associations and perceiving the market as having a *legitimate* status. Neither legitimation type on its own is sufficient for achieving market destigmatisation, as neither extended exposure nor institutional compliance guarantees favourable audience response such as removing vilifying attachments of deviance to organisations operating in stigmatised markets (Khessina et al, 2020).

Organisations confronting stigmatisation often broadly reframe practices to deflect such as arms companies and medical marijuana dispensaries (Vergne, 2012). Khessina et al (2020) note that the increased promotion of the stigmatised identity or practice can help to gain audience support (Coslor, Crawford & Brents, 2020; Helms & Patterson, 2014).

2.2.2 Organisational strategies for managing stigma

Coslor et al (2020) categorised three different stigma management strategies, namely: eradicating organisational stigma, rendering stigma opaque and strategically embracing stigma.

Eradicating organisational stigma

Research has explored how organisations attempt to distance their image from a stigmatised state to one without deviated social evaluations, a process referred to as stigma removal or, organisational destigmatisation (Hampel & Tracey, 2017; Helms & Patterson, 2014). Destigmatisation aims to remove or greatly reduce stigma (Coslor et al, 2020). Organisations may pursue this strategy as the organisational stigma – deep-seated flaw that discredits the organisation – presents a risk to the vitality of the organisation (Coslor et al, 2020; Devers et al, 2009).

Some studies including Carberry and King's (2012) stigmatisation model present stigmatisation as an independent risk-factor that may threaten organisational legitimacy, where if multiple stakeholders label the organisations actions as deviant, total loss of certain forms of legitimacy may be lost (Coslor et al, 2020). Other studies suggest that organisations can remove or greatly reduce its stigma, leading people who formerly held negative social evaluations of the brand to become *brand evangelists*. For example, Thomas Cook's travel agency engaged a two-step process for distancing itself from its stigma, by first employing stigma reduction tactics to convey limited risk to external actors, and second, by pursuing stigma elimination tactics to gain audience support by emphasising the value that the organisation provides to society (Coslor et al, 2020; Hampel & Tracey, 2017).

Furthermore, greater studies have explored organisations attempts to reduce or remove stigma by using reframing discourse. For example, research on sexuality has demonstrated how birth control, condoms, and sex work change agents have reduced negative associations attached to the organisational activities through a medical and disease-prevention framework — "a health and safety exception to morality that reframes and normalises formerly taboo practices and topics" (Coslor et al, 2020:9). Similarly, the perceptions of cannabis, by way of its medicinal applications, has evolved from a vilified substance, to one with therapeutic merits (Coslor et al, 2020; Bridgeman & Abazia, 2017). Moreover, the cannabis culture prompted broader discourses of individual rights and various social groups, events and award ceremonies that have helped increase the popularity of cannabis use (Coslor et al, 2020; Parker, 2018).

According to Parker (2018), cannabis firms have started to engage with more audiences and customers coming from outside of the cannabis space to learn about the plant and its uses. Thus, for effective communication campaigns, brands should create content that combines contextual information and education (Parker, 2018). Enlightened narratives about the plant, its uses, the culture, and its potential can be deployed to contest negative social evaluations and build meaningful associations to influence different responses (Parker, 2018). Reframing the narrative can progress the normalizing process at the individual level, for example: socially loaded words and phrases such as pothead or druggie. These shifts seek to

destigmatise the organisation by showing how their practices provide positive societal value (Coslor et al, 2020).

Rendering stigma opaque

This second organisational strategy seeks to render organisational stigma less visible to key audiences, rather than eliminating it. This strategy is a viable option for individuals and organisations fearing the consequences of stigma disclosure, and those with core stigma (Coslor et al, 2020; Hudson, 2008). Organisations can emphasise desired narratives just as in the case of how men's bathhouses have used credible discourses to position themselves as vehicles for sexual safety, to moderate salacious aspects of this business (Hudson & Okhuysen, 2009). Coslor et al (2020) acknowledges that organisations are likely to pursue multiple stigma management strategies, but with this particular strategy, firms may retain this taboo edge to stay marketable to certain audiences (Helms & Patterson, 2014).

This stigma management strategy may be more feasible for emergent organisations with core stigma such as cannabis firms, than the previous destigmatisation strategy, even if the organisational goal is to achieve widespread acceptance. Coslor et al (2020) urges stigmatised organisations to engage key discourses, objects, and images as tools for managing stigma.

Official recognition and strategically embracing stigma

A third stigma management strategy is to strategically embrace it and openly display it. Firms displaying their stigmatization with time, persuade others to re-evaluate their negative perceptions (Coslor et al, 2020). Regulatory and industry stakeholder groups that grant or deny official license to operate, impact the life of a stigmatised organisation. For instance, medicinal marijuana dispensaries will have to undergo regular inspections and licensing, with a focus on harm reduction. (Helms & Patterson, 2014). For example, in South Africa, abortion centres have official regulatory recognition despite public disapproval (Hudson, 2008).

Cannabis retailers can strategically reveal their stigma publicly. Wolfe and Blithe (2015) theorize that stigmatised markets may have to confront the tension between concealment and exposure. Hence, firms can be legally recognised by the state, while at the same time, protecting stakeholder (suppliers, customers, corporate partnerships, etc.) privacy to remain hidden. Coslor et al (2020) finds that the level and type of disclosure that organisations are willing to bear is determined by local approval. For example, dispensaries in American states that have legalised recreational marijuana use and distribution, focus marketing communication on medical versus recreational use to align with the receptiveness of local audiences (Hsu

et al., 2018). These efforts may also need to consider the demands of early and prospective members (Coslor et al, 2020).

Organisations that opt to employ this strategy may endure the risk of stigma transfer, where the stigmatised individual or organisation transfers its stigma to another because of their association (Hudson & Okhuysen, 2009). Emergent organisations may struggle to gain endorsement as their stigma may transfer to approval bodies. Moreover, different audiences may react differently to stigma (Khessina et al, 2020). However, Coslor et al (2020) notes that little is known about how individuals are impacted once they choose to disclose their associations after the organisation has gained official recognition.

2.2.3 ORGANISATIONAL STIGMA AND MARKETING: CANNABIS BRANDING

According to Keller (2001), the CBBE model was developed to guide brand building efforts and to be applicable to any context, including stigmatised markets (Steenkamp, Herbst, De Villiers, Terblanche-Smit, and Schmidt, 2020). Keller and Swaminathan, (2019) notes that the value of a brand is measured by its brand equity and that brand value is consequent to the mindsets and actions of consumers. Stigmatised firms can build customer-based brand equity through brand-building strategies that develop sound brand identity, meaning, responses, and relationships (Keller, 1998).

A firm's longevity and competitiveness in a market requires the communication of its value proportion relative to its competitors through marketing efforts. Brand development provides these firms with a differentiating statement and competitive advantage if employed appropriately (Gupta, Gallear, Rudd, & Foroudi, 2020). Kotler (1997) defines a brand as a distinguishable name, term, sign, design, or a combination of each, intended to identify the goods and services of a seller or group or sellers, and to differentiate their offering from those of their competitors. Brands thus create the basis upon which customers can identify and build a relationship with products and services and protect customers and producers from competitors who would attempt to replicate the brand elements (Aaker, 1991). Ghodeswar (2008:4) adds that a successful brand is an "identifiable product, service, person or place, augmented in such a way that the buyer perceives relevant, unique added values which match their needs most closely". For example, Harbourside, a California-based dispensary, was the first to offer education for seniors, veterans, and families with adolescents. They were also the first to offer CBD-rich cannabis to the market (Parker, 2018). Arguably, the value of a brand to a firm is recognised through the marketplace benefits such as customer loyalty and less vulnerability to competitive marketing, created from having a strong brand (Keller, 2009).

As the public perception of cannabis continues to evolve, the way retailers communicate to their audience has also changed. According to Moreno, Jenkins, Binger, Kelly, Trangenstein, Whitehill and Jernigan (2022), cannabis businesses leverage digital marketing to build online communities by using hashtags (#CannaCommunity; #FlowerToThePeople) and visual media intended to redefine the stoner stereotype. The growing public acceptance of the cannabis plant has welcomed the ease for brands to communicate with lessened scepticism and difficulty (Parker, 2018). In the United States certain terminology has been accepted within the cannabis industry pertaining to public advertisements, documents, branding, and other corporate communication. 'Marijuana' has been excluded from the list because of its racially charged historical connotation (Parker, 2018). Parker (2018) suggests that the plant and the term cannabis are fit for professional use.

The cannabis prohibition has created confusion about how, where and when products can be purchased (Parker, 2018). Moreover, the stigma surrounding dispensaries may discourage consumers from visiting or making a purchase (Lashley, 2015). Parker (2018) urges that educating and engaging customers is crucial. The need to create inviting environments and empathy in addition to gaining a digital presence are the initial steps for retailers to improve consumer traffic (Lashley, 2015). Companies must create communication campaigns that combine contextual information and education (Parker, 2018).

There are several cannabis delivery services that deliver products to consumers allowing them to stay anonymous and autonomous with cannabis consumption. Mobile applications such as Eaze, Weedmaps, and Leafly (image 1) have transformed how cannabis is accessed. However, in 2019 Google updated its Play Store guidelines to prohibit apps which facilitate the sale and delivery of marijuana. To be compliant, these companies will have to remove their shopping cart function (Hamilton, 2019).

Harborside and MedMen are two examples of dispensaries in the United States that apply stigma management tactics as part of their brand management strategy. Harborside, based in California, is the largest cannabis dispensary with over 200 000 consumers on their registry. The firm was the first dispensary in the United States to offer CBD-rich cannabis and drive educational initiatives for seniors, veterans, and families with adolescent children (Parker, 2018).

MedMen is a California based dispensary founded by a private equity firm, MedMen Opportunity Fund II, that aims to 'mainstream' cannabis. The firm has invested over $500 000 on marketing their brand, by avoiding stereotypical cannabis paraphernalia and upscaling their retail setting which has been deemed as the "Apple Store for cannabis" (Parker, 2018:25).

Although this MedMen's billboard advertisement's (image 2: Appendix 4) worked well, cannabis retailers need to adhere to strict advertisement regulations. For example, firms in California need to follow proposition provisions that state (Parker 2018):

1. Advertainments cannot be appealing to children, and those viewing the advertisements must verify their age as twenty-one years or older.
2. Advertisements must not be within one thousand feet of day-care centres, pre-school, schools with children from grades one to twelve or youth centres.
3. No billboards or other similar advertising (street signage or posters) that crosses state's border.
4. Companies are prohibited from advertising misleading representations of the effects of cannabis consumption.

Social Media marketing is a great option for brands to engage with consumers and to share market updates. However, cannabis marketing is restricted on most social media platforms, but brands can get creative through captions and symbolism (Barker, 2020). Google has banned CBD (cannabidiol) ads, but companies can produce SEO rich content by implementing content marketing strategies and incorporating keywords. Stiiizy (Stiiizy, 2023) through their content marketing, position themselves as a premium lifestyle cannabis brand by publishing content focused on their proprietary pod system and special events such as their annual golf charity tournaments. Platforms such as SEMrush provide relevant keywords brands can use that inform them on what people are searching for. Therefore, brands can include keywords in their blog posts and website (Barker, 2020).

Facebook (image 3: Appendix 4), Twitter, and Instagram advertising policies prohibit the promotion of drugs or drug-related paraphernalia (Barker, 2020).

YouTube is relatively lenient. Its community guidelines do not clearly address cannabis marketing, but it does state that harmful content is prohibited. This vague guideline provides the opportunity for [limited] creative freedom. Barker (2020) notes that sharing content on medical marijuana on YouTube will not raise any red flags, but brands publishing content or running ads on products for recreational use may experience issues (Barker, 2020). One way to mitigate this is through creating brand awareness campaigns on YouTube that educate audiences about cannabis as many people are not aware about its benefits and holistic uses. Consumers are 131% more likely to purchase a product after reading educational content (Stebbins, 2017). Increasing awareness around the plant will interest greater conversations (Barker, 2020).

Reddit's content policy states that brands cannot publish content that promotes illegal activity (Barker, 2020). Though Reddit allows topical and non-ingestible hemp-derived CBD products to be advertised in states where CBD products are legal, their policy stipulates that the sale and advertising of recreational drugs including cannabis, among others, are prohibited (Reddit, 2021).

Pinterest's advertising policy prohibits the promotion or sale of recreational or illegal drugs (Barker, 2020). Products made from CBD, hemp or their derivatives cannot be advertised on the platform (Pinterest, 2021).

Integrating social media advertising into a company's marketing mix is beneficial (Voorveld, van Noort, Muntinga & Bronner, 2018). Social media ads can simultaneously motivate consumer brand purchase intention and brand information sharing intention advertising (Lou & Koh, 2018). Product sales and the diffusion of brand information are equally important elements in a company's advertising strategy (Lou & Koh, 2018). Cannabis brands, however, have limitations in this space but can leverage educational content to engage audiences. Leafly does this well. Its website content is informative, educational, and innovative (Parker, 2018).

Leafly's Instagram page (image 4: Appendix 4) demonstrates the various ways cannabis can be used, and publish industry news (Parker, 2018).

Instead of direct product promotions, companies should focus on sharing their brand values, creating product awareness, and building a community (Lashley, 2015). Cannabis firms can achieve this through developing brand equity.

2.3 BRAND EQUITY AND THE CBBE PYRAMID

Brand equity is a market-based intangible asset that creates added value to a product from its brand name and can be leveraged to gain long-term profitability and improved organisational performance (Bick, 2015). The concept of brand equity is not novel but its application to the core-stigmatised cannabis industry is. Seminal authors, Aaker (1991) and Keller (1993), stressed the importance of a brand as a valuable asset and discuss the relation of how brands with strong brand equity can influence customer loyalty. Aaker (1996) defines brand equity as a set of assets associated to a brand's name and symbol that enhances value a firm and/or its customers. According to this definition, it is apparent that both the firm and the customer benefit as a consequence of brand equity. However, Keller (2008) proposes an alternative perspective – customer-based brand equity (CBBE) and defines it as the differential effect brand knowledge has on consumer response to a brands marketing activities. Thus, according to Keller, brand equity relies on

customer experiences and their perceptions towards the firms marketing activity over time (Yousaf, Amin & Gupta, 2017; Bick 2015).

Appendix 3 illustrates the comparison between Keller's six brand-building blocks (brand salience, brand performance, brand imagery, brand judgments, brand feelings and brand resonance) and Aaker's (1991) four brand asset dimensions (brand loyalty, name awareness, perceived quality, and brand associations). The concepts covered in both models are fundamentally the same however, Aaker's brand equity model has a brand asset dimension called *other proprietary brand assets* which includes patents, trademarks, and channel relationships – these assets do not form part of Keller's brand equity pyramid. This may be attributed to the fact that the assets provide value to the organisation, and not to the consumer directly, hence, they are not included in the consumer-based view of brand equity (Steenkamp, 2016).

Brand equity is a multi-dimensional construct of which various frameworks have been developed to explain the concept (Bick, 2015). Much of these frameworks are firm-centric and focus on the organisations brand image, brand awareness, perceived quality, brand associations and loyalty, and discount the presentation of a holistic perspective towards building sustainable customer-based brand equity for firms in stigmatised markets. Research on stigmatised firms predominantly focus on reputational management or concealing organisational stigma. According to Yousaf et al (2017:120), the most "realistic and robust framework" outlining the concept on building brand equity beyond brand awareness and brand knowledge is the CBBE pyramid. The model considers parameters such as brand salience, performance and imagery, judgement and feelings and brand resonance (Yousaf et al, 2017). However, a major critique of the model is the uncertainty of how to climb the ladder to achieve brand resonance, and how would practitioners know when the step is complete (Moinic & Lindgarde, 2020).

The customer-based brand equity pyramid was introduced as an extension of the customer-based brand equity (CBBE) model to specifically address how brands should be built with regards to constructing consumer knowledge structures – it considers how strong brands are created (Keller et al, 2012; Keller, 2009). Moura, Ferreira, Duarte de Oliveira and da Silveira Cunha (2018), describe the pyramid as a measure of brand strength and the basis on which consumer perceptions, beliefs and attitudes are quantified. Lithopoulos, Dacin, Berry, Faulkner, O'Reilly, Rhodes, Spence, Tremblay, Vanderloo, & Latimer-Cheung (2018) also note that the theory explains how the audience develops brand loyalty and attachment. The model views brand-building as a sequence of four ascending steps, each contingent on achieving the previous step and involve realising certain objectives with existing and potential customers (Keller *et al*, 2012; Keller, 2009). The sequential steps consider (Lithopoulos et al, 2018; Keller et al, 2012; Keller, 2009):

1. Brand identity: identify the brand with customers and its position in a specific product class or with a specific customer need. This first component accounts for brand salience and the degree to which consumers recall and recognise the brand.
2. Brand meaning: establish brand meaning or beliefs about the brand by strategically linking tangible (functional) and intangible (imagery) brand associations with certain properties. Functional beliefs refer to how well the brand is thought to satisfy the tangible basic needs of consumers. Imagery beliefs refer to how consumers might imagine using the product sold in context.
3. Brand responses: elicit appropriate customer responses with regards to brand-related judgements and feelings based on brand identification and brand meaning. Thus, brand judgements are the ideas and opinions formed by consumers about the brands performance and quality and brand feelings refer to the emotional response consumers have towards the brand.
4. Brand relationships: responses predict the nature of the relationship between the consumer and brand. Thus, the aim is to convert brand response to intense, active loyalty in terms of the psychological bond and purchase behaviour.

Keller et al (2012) further explains that the order of the branding ladder is crucial as meaning cannot be established if identity has not been created; response cannot be elicited unless the right meaning has been contrasted and a relationship will not be forged unless the appropriate responses have been elicited. Thus, enacting the four steps requires engaging the six brand-building blocks with customers (Keller, 2009).

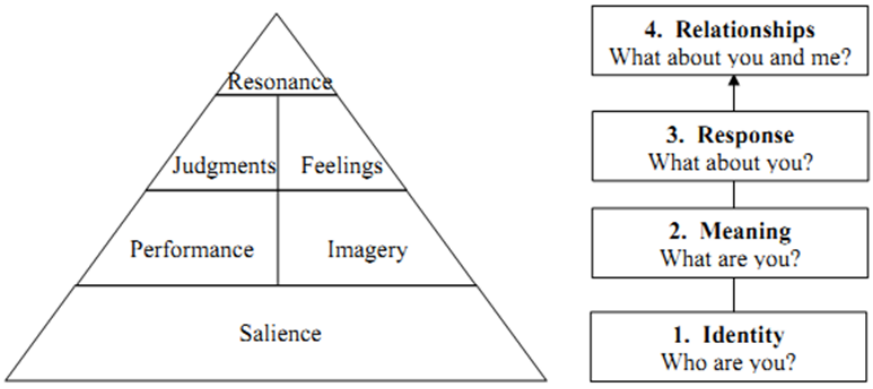


Figure 2: Customer-based brand equity pyramid and subdimensions of brand-building blocks (Keller, 2008)

According to Keller (2009), significant brand equity is realised once brands reach the top of the pyramid. Stigmatised firms need to establish the six building blocks in the following order: brand salience, brand performance, brand imagery, brand judgments, brand feelings and finally, brand resonance (Moinic & Lindgarde, 2020).

2.3.1 Brand identity

Brand Salience

The fundamental block to building a strong brand and achieving proper brand identity is through creating customer identification and recognition (Moura et al, 2018). Salience considers how easily and often the brand is evoked in different situations, how easily the brand is recalled or recognised, the types of indicators or reminders that are needed, and how persistent is brand awareness (Keller, 2009). Moreover, brand awareness allows customers to know how their needs will be satisfied by using the product (Keller, 2001).

Keller (2001) provides three crucial functions of salience:

1. Salience influences the strength of brand associations that create the brand image which gives the brand meaning (Keller, 2001).
2. Creating a high level of brand salience with regards to category identification and needs satisfied is essential during potential purchase or consumption opportunities (Moinic & Lindgarde, 2020; Keller, 2001). Brand salience generates competitive advantages such as future purchase intention, and product value perception (Moura et al, 2018).

3. Brand salience alone may motivate customers to choose the brand even when customers have low involvement with a product category, i.e., they do not care about the product or lack expertise to judge quality (Keller, 2001).

Furthermore, Keller (2001) distinguishes two key dimensions of brand awareness – depth and breadth. Depth refers to how easily consumers can recognise or recall the brand, while breadth refers to the range of purchase and consumption situations a brand comes to mind (Moinic & Lindgarde, 2020). Thus, brands that possess both breadth and depth of brand awareness have high levels of salience. Keller (2001) urges brands to always consider both depth and breadth equally, to ensure improved salience, which will provide effective means to drive consumption and increase sales.

Although cannabis marketing practitioners are prohibited from advertising on social media, retailers can improve the breadth and depth of their brand awareness by engaging on chat forums that embrace cannabis culture and activism or join conversations on health-oriented forums and blogs. These specific target groups can facilitate in the creation of strong brand awareness in those spaces (Keller, 2009). Cannabis retailers can then direct these audiences to their website, social media platforms and blogs sites. For instance, Foria is a wellness-focused cannabis company famous for its female-oriented intimacy products. They regularly host online conversations with industry experts focusing on sexual health, diversity in the cannabis industry, and body positivity where they welcome audience engagement. The company also emphasises social consciousness and environmental sustainability (Hiatt, 2020).

2.3.2 Brand meaning

The next step makes-up the two categories of brand meaning – performance and imagery, each with a set of subcategories (Keller, 2001). Performance based associations describe functional needs and imagery describes psychological and social needs (Abrahamsson, 2020). Customers can form these associations through personal experiences and contact with the brand or through depictions of the brand from various sources such as advertising and word-of-month (Moinic & Lindgarde, 2020). The desired goal of this level is to build strong, favourable, and unique brand associations linked to the functional and experiential aspects of a brand (Gordon, 2010).

Brand performance

Brand performance relates to the product or service attributes that attempt to meet customers functional needs – its intrinsic properties (Keller, 2008). Performance based associations can be related to price, quality, product reliability, service effectiveness and other factors that aim to meet customer expectations

(Abrahamsson, 2020). In the case of cannabis retailers, this can be formed by product and delivery costs, product variety, operating hours and the perceived reliability of the website content or salesperson regarding different strains and its uses/benefits. Keller (2001) notes that there are five types of attributes and benefits that underlie brand performance:

1. Primary characteristics and secondary features: consumers may hold certain beliefs about the levels at which the primary characteristics of a product operate. Secondary elements such as uniqueness may complement the primary characteristics (Keller, 2001).
2. Product reliability, durability, and serviceability: this relates to the various way's customers view a products or services performance (Moinic & Lindgarde, 2020). Reliability refers to the consistent product performance over a period. For example, stock availability, consistent potency or taste of cannabis and cannabis-based products. Durability refers to the product's expected economic life, and serviceability refers to the ease of servicing a product when it needs repairs (Keller, 2001). For example: customer service (in-person or online) or return policy on cannabis-related products such as bongs. Stiiizy recognised a need for sustainable cannabis packaging in the industry. The company developed eco-friendly pod packaging while maintaining functionality and compliance. The Stiiizy pod packaging is made completely out of recyclable cardboard; the packaging itself has also downsized to use less material. They've also replaced the paper user manual for a QR code that displays a digital version. Finally, a child-resistant mechanism remains on the back of the package for safety and compliance (Wolfer, 2021).
3. Service effectiveness, efficiency, and empathy: Service effectiveness refers to how the brand fulfils the complete customer service requirements. Businesses can track this information by asking customers to rate their service. Efficiency refers to the speed and responsiveness in which the service is delivered. Service empathy refers to the extent the service provider is seen to have the consumers best interest in mind (Moinic & Lindgarde, 2020; Keller, 2001).
4. Style and design: this refers to the aesthetic and sensory attributes of the product or brand, namely how it looks, feels, tastes and smells (Keller, 2001). The sleek and stylish interior of the MedMen dispensaries enhances the customers purchase experience (image 6) (Kirkland, 2019).
5. Price: refers to how customers categorise the price of the brand based on its pricing strategy and its corresponding price volatility (frequency or infrequency of discounts) (Keller, 2001). For example, brands could run end-of-season or clearance sales.

Brand imagery

Brand imagery addresses the products or service's extrinsic and intangible properties (Keller, 2009), mainly by determining how a brand aims to meet its customers psychological and social needs (Keller, 2001). Keller (2001) draws on four categories within brand imagery:

1. User profiles: is an association that refers to the type of individual that uses the products and services of a brand – the profile or mental image may be of an actual user of an idealised user (Keller, 2009). Associations may be based on demographic factors such as gender, age, race or income status, or psychographic factors such as attitudes, careers, social issues. For instance, consumers might have a mental image of actual or idealised users (Moinic & Lindgarde, 2020; Keller, 2001).
2. Purchase and usage situations: this set of associations refers to the conditions in which a brand could or should be experienced. Brands can consider various channels where products can be purchased, such as specialty stores or online; or the ease or rewards associated with the purchase experience (Moinic & Lindgarde, 2020; Keller, 2001).
3. Personality and values: brands can be personified by obtaining personality traits and values similar to those of humans (Moinic & Lindgarde, 2020). Brand personality use a more descriptive imagery which involves richer, contextual information (Keller, 2001). Keller (2001) presented the five dimensions of brand personality:

Table 2: Five dimensions of brand personality

Five dimensions of brand personality	
Sincerity	Cheerful, honest, authentic
Excitement	Relevant, spirited, creative, daring
Competence	Intelligent, successful, reliable
Sophistication	Captivating, privileged
Ruggedness	Tough, adventurous

4. History, heritage, and experience: brands can take on associations linked to their past. Such associations may draw from personal experiences, past behaviours or experiences of friends and relatives. Keller (2001) advises that brands that adopt associations with history, heritage and experiences should involve specific, concrete examples that surpass the generalisations that the image (Moinic & Lindgarde, 2020). In the United States, due to the country's socio-political past, certain terminology in the cannabis industry – such as marijuana – is avoided in public

advertisements, documents, and branding. The word is deemed as racially charged and has negative historical connotation that may complicate its use in marketing communications (Parker, 2018).

When these elements are successfully implemented and managed, positive brand responses can be constructed. For marketing practitioners in the cannabis market to successfully build brand equity, there needs to be strong, favourable, and unique brand associations towards the brand. These brand associations can function as points of parity and points of difference (Moinic & Lindgarde, 2020).

Points of parity and difference

Keller (2009) urges the importance of points of parity (POP) and points of difference (POD), stating that they are the branding objectives of the brand meaning stage (Moinic & Lindgarde, 2020). It is essential for marketers to establish an appropriate reference for positioning their brand.

Keller (2008) states that PODs are the benefits consumers associate with a brand. These associations consist of attributes that differ from their competitors (Moinic & Lindgarde, 2020). For example, a few well-developed cannabis retailers in South Africa may have a similar range of products offered to customers, however, retailers lacking a similar arrangement of stock may struggle to gain support as their competitors can offer customers a wider selection of product (Abrahamsson, 2020).

Identifying unique associations, (PODs), can ensure that cannabis retailers remain competitive. Imagery-based PODs are crucial to creating brand meaning (Castañeda-García, Frías-Jamilena, Del Barrio-García & Rodríguez-Molina, 2020). The functional attributes of smaller cannabis retailers may not be enough to remain competitive but driving intrinsic imagery and emotions will assist these retailers (Abrahamsson, 2020). However, Keller (2009) suggests that firms can use interactive marketing communications to establish key performance and imagery POP and POD relative to their competitors. For example, smaller retailers can use websites to provide supporting reasons-to-believe and greater detail about the extrinsic attributes of their business.

Marketers can adopt the rendering stigma opaque strategy by creating and driving imagery associations that enforce key characteristics brands want audiences to associate with them, rather than communicating what the brand actually does (Abrahamsson, 2020; Keller, 2008). This intangible differentiating can be formed through customer experiences, word of mouth and advertising (Keller, 2008). However, Keller (2001) insists that the strongest brand positioning usually includes a key performance advantage, such as fast delivery or high potency of the product. Moreover, according to the CBBE model, strong brand

relationships are likely to be realised when brands establish points-of-parity and points-of-difference (Moinic & Lindgarde, 2020).

2.3.3 Brand response

The next step in building a strong brand is developing and eliciting consumer responses by means of consumer judgments and feelings (Gordon, 2010). Brand responses refer to how consumers respond to and think or feel about the brand after being exposed to its marketing activities and other sources of information (Keller, 2001).

Brand judgments

Brand judgments are based on the cognitive evaluations formed through different performance and imagery associations of a brand (Gordan, 2010). This aspect of brand response characterises the functional and symbolic elements of the brand relative to its competitors to determine product or service superiority (Steenkamp, 2016). Keller (2001) notes four key types of brand judgements [in the order of importance]: quality, credibility, consideration, superiority. Perceived quality influences consumer attitudes, value, and satisfaction.

Credibility refers to the consumer's perception of the company related to its perceived expertise (competent, innovative, market leader), trustworthiness (dependable and considerate of customer interests), and likability (fun, interesting, worth spending time with) (Steenkamp, 2016). Consideration relates to the likelihood of whether consumers will purchase or consume the brand. Brand consideration is dependent on the extent customers find the brand relevant and meaningful for themselves. Superiority is determined based on the brand is perceived as unique and different in comparison to other brands (Keller, 2013). Another aspect of brand responses is the elicitation of an affective consumer response (Steenkamp, 2016).

Brand feelings

Brand feelings refer to the customers emotional responses and reactions to the brand and their relationship with themselves and others (Gordan, 2010; Keller, 2001). These feelings may vary from mild, intense, positive, or negative (Keller, 2001). There are six notable brand-building feelings (Keller, 2001):

Table 3: Six types of brand-building feelings

Warmth	Soothing, sentimental, warm-hearted, and affectionate feelings
Fun	Upbeat, light-hearted, and playful feelings

Excitement	Energised feeling; feelings of being cool, alive and sexy	
Security	Brand provides feelings of safety, comfort, self-assurance, and less worry	
Social approval	Others approve of a consumer's brand choice (appearance) in terms of behaviour and appearance.	
Self-respect	Brand enhances a consumer's self-perception – proud, fulfilled, accomplished feelings	

Steenkamp (2016) notes that the feelings of warmth, fun and excitement are gained through experiences and have higher levels on intensity, though only last for a short-term, whereas enduring brand feelings of security, social approval and self-respect are personal and private, and have a higher level of gravity (Keller, 2001). Eliciting positive, accessible, and reactive customer responses is the ultimate objective. Thus, brands need to create strong, favourable, and unique brand associations (Steenkamp, 2016; Keller, 2001).

The effective use of marketing communications can encourage positive attitude formation and decision making, especially with an integrated marketing approach (Keller, 2008). Brands can deliver sensory-driven experiences that can create impactful experiential and lasting feelings (Keller, 2008). Cannabis brands can achieve integrated experiences with expos, social media live video and interactive websites and apps. For instance, Weed VR is providing consumers and retailers an opportunity to understand the growing cannabis industry through virtual reality simulations. The VR experience also takes potential stakeholders on a tour of their concept store before it is built (ADCANN, 2023).

2.3.4 Brand relationships

Brand resonance

The final step of the pyramid, brand relationships, refers to the characteristics of the relationship between the consumer and the brand, as well as the level of identification the consumer has with a brand (Gordon, 2010; Keller, 2001). This relationship is built on intense psychological bonds that consumers share with the brand, as well as the level of activity generated by this loyalty (i.e., seeking information about the brand, repeat purchases, attending events (Moinic & Lindgarde, 2020; Keller, 2001).

Keller (2009) notes that interactive marketing communications permit frequent engagement opportunities for consumers and the brand, where interactions can help strengthen brand attachment. Cannabis retailers can engage with customers through blogs and social media where consumers can learn from the brand and subsequently teach others about the brand.

Brand resonance is categorised into four dimensions (Keller, 2001):

1. Behavioural loyalty: refers to the purchase frequencies and volumes (Keller, 2001).
2. Attitudinal attachment: refers to the strong personal attachment consumers have with the brand (Keller, 2001).
3. Sense of community describes the broader brand sentiment the consumer possesses in terms of their connection or identification with a brand community (Keller, 2001).
4. Active engagement: refers to the strongest affirmation of brand loyalty. Customers are willing to invest resources such as time, money, and energy, on behalf of the brand, beyond purchase and consumption. For example, consumers can join clubs coordinated by the brand aimed at the advancement of recreational cannabis legislature and destigmatisation. Strong attitudinal attachments or sense of community can lead to active engagement (Gordon 2010; Keller, 2001).

Furthermore, Keller (2001) presents two dimensions of brand relationships – intensity and activity. Intensity denotes to the strength of the sense of community and attitudinal attachment – how intense is the loyalty towards the brand? Activity refers to how often the consumer purchases, consumes, and engages with the brand and other brand activities not linked to the actual purchase or consumption (Moinic & Lindgarde, 2020).

2.4 CONCLUSION

This chapter presented organisational stigma and brand equity literature in relation to the research aim. As per the discussion, the existing stigma around cannabis retailers may discourage consumers from visiting or making a purchase (Parker, 2018). However, businesses can work to overcome this by building the proper consumer knowledge structures through educating and engaging customers (Parker, 2018; Bick, 2015). Businesses can initiate brand development by building brand salience (customer awareness and recognition) (Moura et al, 2018). Once established, businesses can move to the next step of the CBBE model to build brand equity: create brand meaning, evoke brand responses, and develop brand relations.

Key brand equity elements were applied to the cannabis market to provide context and to form the basis of the empirical research.

3 CHAPTER: METHODOLOGY

3.1 INTRODUCTION

An approach to academic enquiry specifies the systematic process and procedures required to conduct a study. This process is informed by the philosophical and theoretical assumptions that the researcher possesses (Nyahodza, 2016). This study focuses on how cannabis retailers can build their businesses into brands and subsequently create brand equity in a restrictive retail marketing environment in South Africa. Keller's Customer-Based Brand Equity pyramid will be used as the basis of this exploration. To achieve the research objectives, an appropriate research methodology needs to be undertaken. This chapter outlines the methods that were used to carry out the research. This process includes the research objectives, research design, population sampling, data collection and analysis. The link between the interview guide questions and the dimensions of the CBBE model is presented in figure 1. The concluding section will address ethical considerations.

3.2 RESEARCH OBJECTIVES

Primary objectives

To explore how South African cannabis businesses can build customer-based brand equity in a stigmatised industry.

Based on Keller's CBBE model, the following secondary objectives were formulated:

Secondary objectives

1. To explore how South African cannabis businesses can develop brand identity in a stigmatised industry.
2. To explore how South African cannabis businesses can develop brand meaning in a stigmatised industry.
3. To explore how South African cannabis businesses can develop brand responses in a stigmatised industry.
4. To explore how South African cannabis businesses can develop brand relationships in a stigmatised industry.

3.3 RESEARCH DESIGN

The research design refers to the structure and overall strategy of the research that integrates the different research components to ensure that the research problem is effectively addressed (Akhtar & Islamia, 2016). The research problem informs the type of research design required to adequately address the research objectives (Steenkamp 2016).

There are three research methods to consider: qualitative, quantitative, and mixed methods. The distinction between a quantitative and qualitative approach refers to how the researcher chooses, collects, analyses, and interprets data that will serve the research. Therefore, mixed methods analysis draws on the strengths of both qualitative and quantitative research to address the research question and has the potential to advance scholarly conversations through the use of both methodologies (Berman, 2017; Davis, 2014). Significant characteristics of quantitative research focus on deduction, prediction, explanation, theory/hypothesis testing, confirmation, standardised data collection, and statistical analysis. Qualitative research, however, focuses on inductive, exploration, discovery, theory/hypothesis generation, and the researcher as the instrument for data collection, and analysis (Nyahodza, 2016).

The study undertook a qualitative exploratory research design to gain an in-depth understanding of an emerging research topic (Passey, 2020). This study was underpinned by the interpretivism philosophy, where an inductive approach will be applied. An inductive approach describes the process of collecting evidence to build knowledge and theories (Abramsson, 2014). Steenkamp (2016) states that an inductive approach supports the use of qualitative methods for brand research. Qualitative research addresses marketing objectives through techniques that grant elaborate interpretations of market phenomena without relying on numerical measurement. Hence, draws on discovering profound meaning and new insights (Zikmund & Babin, 2010). An induction approach must rely on a theoretical framework to interpret collected data (Abramsson, 2014). This study used the CBBE model to guide the interview questions and build knowledge in the organisational stigma and brand development field based on the findings.

An interpretative paradigm is closely linked to a qualitative research approach as it incorporates participants' reasoning, attitudes, beliefs, judgements, and perceptions (Steenkamp, 2016). In this case, brand equity is studied using qualitative methods to identify sources of brand equity such as brand awareness, attitudes, and attachments (Abrahamsson, 2014). Qualitative research lends itself to developing knowledge in poorly understood or complex areas of organisational stigma and brand-building (Pace, 2021). Brand equity as a construct is particularly complex and multifaceted with many dimensions

(Steenkamp, 2016). Thus, attempting to apply the CBBE model to organisational stigma theory will require an understanding of cannabis business managers or marketers' challenges, perceptions, perspectives, and insights of the cannabis market in South Africa, which necessitates lengthy interviews.

The case study research design is appropriate for the study as the researcher aims to explores how stigmatised cannabis businesses in South Africa can build brand equity. South Africa was chosen because it is the location of the researcher and has relatively progressive legislature on recreational cannabis use. Being one of nineteen countries worldwide (Canada, Uruguay, 15 states in the United States and the Australian Capital Territory in Australia) (The Green Fund, 2021) to have legalised recreational marijuana and amongst the largest producers and exporters of quality cannabis in the world (Morrissey, McCann, Torres & Whitney, 2019; Bala & Matsabisa, 2018). South Africa also has several established online and brick-and-mortar cannabis retail stores that operate under strict marketing regulations (Nevill, 2020). However, because of the limited research on the relationship between organisational stigma and branding, particularly regarding brand equity, it essential to adopt an explorative case study approach.

According to Bilhuber-Galli and Müller-Stewens (2011), case studies are frequently used in strategic management and organisational research to holistically explore complex phenomena, focusing on understanding the dynamics of concepts within context. In a case study framework, qualitative data is collected to build an in-depth understanding of a particular research problem (Fetters, Curry & Creswell, 2013), and seeks to provide an in-depth understanding of occurrences or cases and develop practice-orientated knowledge (Creswell, 2007). However, case research is limiting as findings cannot be generalised (Sriaranyakul, 2018).

3.4 POPULATION AND SAMPLING

Research requires scientists to identify a group of persons to describe or investigate in the study, known as the population (Nyahodza, 2016). Population refers to an aggregate of individuals, cases, or entities of interest from whom information is required (Pascoe, 2014; Fetters et al, 2013). In this study, the population consists of all South African firms selling cannabis, cannabis-based or related products for consumption and use. However, exploring all units of the population has time and cost limitations, thus a sample of individuals has to be drawn from the population (Nyahodza, 2016). This method of gaining in-depth insights only uses smaller samples, thus the results cannot be generalised to broader populations or beyond the context of this research (Bryman & Bell, 2017; Keller, 2008). However, according to Bryman and Bell (2017), the findings can generalise the theory and lay the foundation for future research on how to build and explore customer-based brand equity in a stigmatised industry (Mionic & Lindgärde, 2020).

A sample is a subset of the target population selected to participate in the study (Pascoe, 2014). Subjects who have experience with the event or problem have a greater potential to better inform the study (Nyahodza, 2016). Sampling techniques are broadly categorised into probability and non-probability samples (Pace, 2021). Probability sampling includes stratified, simple, and systematic sampling. These samples are drawn to be representative of the population to consequently generalise the results (Steenkamp, 2016). Hence, a large sample is required for probability sampling. The sampling technique is commonly used for quantitative research (Steenkamp, 2016). Non-probability sampling consists of convenience, quota and purposive sampling and is mostly used for qualitative research (Steenkamp, 2016). The number of units selected is limited and focuses on gaining information-rich data rather than a large sample for generalisability. A non-probability purposive sampling was used in this study.

Non-probability sampling allows the researcher to purposefully select the elements that should be included in the sample based on a set list of characteristics (Pascoe, 2014). These participants will best assist the researcher to understand and address the research problem as well as provide appropriate information to best achieve the research objectives (Nyahodza, 2016; Creswell, 2003). The business owner or marketing manager of a cannabis store is the best source of information regarding the marketing regulations placed on their industry. These knowledge experts would inform the researcher on how they approach brand-building strategies with regards to developing their brand awareness (salience/identity), brand associations (image/meaning), positive customer responses and relationships (resonance) (Keller et al, 2012).

The selection frame for the study included online and brick-and-mortar cannabis retailers in South Africa that offer recreational cannabis. This included firms that sell cannabis (the flower, pre-rolled blunts or THC-infused products), growing equipment to cultivate cannabis or cannabis paraphernalia.

Cannabis in South Africa is a burgeoning industrial economic commodity with huge job-creation opportunities (Heinamann, 2022; Stoddard, 2021). The cannabis industry was selected as a case study owing to its topical nature in the South African context regarding legislative and regulatory challenges, potential barriers to entry for small-scale growers, and the possible commercialisation of recreational cannabis (Guerandi, 2022; & Heinamann, 2022). There are approximately 70 dispensaries operating in South Africa (Geach, 2019) and Cannabis Connect (2023) lists 30 online dispensaries as part of their network. In 2020, the website only listed 23 dispensaries, the site added seven more dispensaries to its network showing its growth, however, the majority of these firms only offer therapeutic (CBD) products. Moreover, the Draft South African Cannabis Masterplan reports that there are up to 900 000 traditional cannabis growers in South Africa and states that they and cannabis need to be included in the cannabis

value chain (Heinamann, 2022). As the industry evolves and expands, it can be assumed that more businesses will be established to cope with the customer demands and needs, as well as to sustain competitive advantage (Oztemel & Gursev, 2020).

Participants consisted of cannabis business founders, marketers, managers, all with operations in South Africa. The sample group is part of the target population experiencing the phenomenon under study. The researcher identified and selected the firms as they met the eligibility criteria of the study as well as believed that the subjects would add great value to the discussion about marketing and brand-building in a restricted environment and how their current marketing activities contribute to building brand equity.

As per the eligibility criteria, cannabis firms needed to be present on at least one digital platform such as a website, WhatsApp, Telegram, social media (Facebook, LinkedIn, Instagram), or Google Business. In South Africa, all forms of traditional advertising, such as television and print are prohibited (Nevill, 2020), therefore through digital platforms, businesses can promote products and services on owned digital channels and engage customers virtually. Rup, Goodman, and Hammond (2020), note that the extensive use of social media promotes information-sharing, and business profiles can be accessed conveniently through laptops, tablets, and mobile apps, providing cannabis retailers the opportunity to increase their brand awareness (recall and recognition) and build an online presence.

The researcher excluded dispensaries and retailers that only offered medicinal cannabis products and services for therapeutic purposes. These firms are governed by different regulations where firms selling recreational products have stricter barriers to entry. Medicinal cannabis firms' need a different license to operate – medical cannabis license (Wallace, 2017), and to date, the South African Health Products Regulatory Authority has issued 55 growers' licences for medicinal cannabis (Planting, 2022). Moreover, audience targeting, and communication strategies may differ between recreational and medicinal markets considering the customer's needs and behaviour (intention, motivation, preference, etc.) and behaviour will not be the same.

Based on the eligibility criteria in chapter one, cannabis firms had to offer recreational cannabis or facilitate the growing and distribution of recreational cannabis, however, most firms offered a mixed offering of CBD and THC products and therapeutic services and others specialised in hydroponics (personal growing equipment). There were only a few participants that strictly offered THC products. This could suggest that cannabis firms are more likely to offer a variety of CBD, THC, and full spectrum products to cater to the customer demands.

Gill (2020) notes that determining an adequate sample size in qualitative research is ultimately a matter of judgment and experience in evaluating the information collected against the uses to which it will be applied. Seidman (2006) advises that a maximum sample size of 25 is best as exceeding this number would not produce new or additional information. Particularly for interviews, Mason (2010) suggests that the mean sample size for qualitative interviews is 31. Marshall, Cardon, Poddar and Fontenot (2013) add that single case studies should generally contain 15 to 30 interviews. However, the sample size of the reviewed literature ranges from 6 – 90 or until there is informational redundancy or theoretical saturation (Islam & Mahmood, 2018). To note, Lashley and Pollock (2019) conducted 38 interviews which lasted 45 to 90 minutes; the study that examined category-level stigma in the medicinal cannabis market and developed a core stigma reduction process model. Vergne (2012) obtained 44 interviews with participants representing 11 nationalities through snowball sampling to understand categorisation and stigmatisation and identify the categorical structure of the arms industry. However, the study was longitudinal and presented a mixed method approach which allowed for a larger sample size. The researcher was inclined to heed Mason's (2010) recommendation and have a sample size of 31 cannabis firms. However, the researcher was only able to arrange 17 in-depth interviews as there was a high decline and a low response rate among the firms that were contacted to participate, and many other firms did not meet the eligibility criteria as they were more focused on medicinal cannabis. In this study, which used purposive sampling, the researcher conducted a desktop and LinkedIn search for cannabis business operating in South Africa and reached out to them on either their website, WhatsApp, Facebook, Instagram, or email address. Unanswered correspondence was followed up after 5 days.

3.5 DATA COLLECTION

This section focuses on the research methods used in similar studies, and how previous research informed this paper's data collection. Data collection is the systematic gathering and measuring of information on variables of interest, that enable the researcher to answer the research questions, test hypotheses, and evaluate outcomes (Kabir, 2016). Literature extensively (Busetto, Wick. & Gumbinger, 2020; Hennink, Hutter, & Bailey, 2020; Mason, 2010) discusses suitable data collection methods for exploratory qualitative research methods and emphasise that data should be collected from subjects with great knowledge or expertise. Interviews were conducted to gather data from a sample drawn from the target population, (see interview guide, Appendix 1). 17 in-depth interviews were conducted with participants with cannabis retail owners and marketers, over a period of 11 months inconsistently. The interviews took an average of 40 minutes to 1 hour complete.

3.5.1 Data collection strategy

The present research sought to apply Keller's customer-based brand equity model to a stigmatised market through an exploratory qualitative research approach. The aim of the data collection prioritised depth of understanding over quantity (Groenland & Dana, 2020). A qualitative study was used by Brown (2019) in a similar study investigating how industry professionals view creating brand equity for medical marijuana brands. The present study however, focused on recreational cannabis rather than medicinal cannabis to learn how businesses in the recreational cannabis space promote their products despite the strict marketing restrictions against them, and without the assistance or credibility provided by healthcare professionals and associations as is the case with medical cannabis (Simkins & Allen, 2020). In another study, Abel and Ludeke (2021) explored how brothels (core-stigmatised business) in New Zealand operate after sex work was decriminalised, which involved business and marketing activities. The authors also used a qualitative research approach and interviewed business owners.

The research objectives called-for an exploratory research strategy to approach and navigate an ambiguous regulatory industry. Regarding the selected theoretical framework, a qualitative research design was appropriate as brand equity is a complex and multi-dimensional concept. There are various qualitative research approaches, which include case study, ethnography, phenomenological study, grounded theory, and content analysis (Rutberg & Bouikidis, 2018). The study was a cross-sectional case study.

3.5.1.1 Types of theorising

There are inductive, deductive, and abductive forms of inferences (Kalsen, Hillestad & Dysvik, 2020). Okoli (2021) offers a definition for all three: inductive theorising begins with theorising non-theoretical empirical phenomena which results in a proposed or supported theory. Deductive theorising starts off with a proposed or supported theory, which generally results in a newly proposed, supported, or enhanced theory. Whereas abductive theorising starts with a rudimentary theory or developing theory, which results in a proposed or supported theory (Okoli, 2021). Kalsen, Hillestad, and Dysvik (2020) further expand upon abductive theorising as the process of generating hypotheses or theories through a combination of deductive and inductive inference to develop new knowledge.

The present study worked with a known conceptual model; however, it was not the intention of the researcher to test its applicability to a stigmatised market, therefore deductive reasoning (theory testing) was not employed. The researcher elaborates on the existing theory by applying the customer-based brand

equity model to the cannabis industry to explore and expand knowledge in this space, which is inductive reasoning (theory building).

3.5.2 Data collection instruments

Jamhed (2014) urges that interviews and observations are to be considered for qualitative studies when the researcher intends to investigate a new field or ascertain and theorise issues. Observation as a qualitative research method includes the observation of participants, and field work, usually in multiple study sites. Observational data can either be supplementary, for supporting research findings, or confirmatory research (Jamhed, 2014). Interviews provide rich data and allow for exploration in order to understand a particular subject or the environment (Nyahodza, 2016). The researcher will conduct interviews.

Interviews are categorised into structured, semi-structured and unstructured interviews. Unstructured interviews resemble a conversation intended to gather in-depth information without preparing a planned set of questions, however, all themes are to be covered (Gill, 2020). Semi-structured interviews are in-depth interviews where participants are presented pre-set open-ended questions based on an interview guide – a schematic list of open-ended or closed questions or topics used as a guide or checklist by the interviewer to ensure that all themes are covered (Nyahodza, 2016; Jamhed, 2014). These types of interviews are extensively used in exploratory studies and generally cover a duration of 30 minutes to several hours (Gill, 2020; DiCicco-Bloom & Crabtree, 2006).

Structured interviews follow a predetermined set of questions presented to respondents in the same wording and order as specified in the interview guide (Kumar, 2011). Interview guides are purposefully used to manage interview times, while exploring many respondents systematically and comprehensively as well as keeping the interview focused (Jamhed, 2014).

The advantages of conducting interviews include providing the researcher with a level of flexibility that allows for a greater exploration of depth in eliciting information, however, the researcher will have to use their interpersonal skills to facilitate cooperation (Boyce & Neale, 2006). Interviews also have a higher response rate than questionnaires, allowing for a complete description of the phenomenon to be formed. Moreover, interviews enable data collection from a wider group of the population. Participants who are unable to complete questionnaires, such as the illiterate or the elderly are more likely to adequately express themselves in interviews (Rutberg & Bouikidis, 2018).

It is important to acknowledge the disadvantages of conducting interviews along with providing possible solutions. Interviews are time consuming and thus more costly, hence the sample size is limited. Furthermore, the vast amount of data collected from participants makes consolidating, ordering and interpretation difficult (Boyce & Neale, 2006). Interviews may be unsuccessful when the questions are long and complicated, the interviewees may get confused or frustrated and not provide complete responses (Nyahodza, 2016). Additionally, the interviewees may feel uncomfortable to openly discuss certain issues relating to their operations if they fail to trust the interviewer. Similarly, if the interviewer fails to listen attentively and constantly requires the participant to repeat responses, the interviewee may become despondent (Nyahodza, 2016). However, the researcher will invite the interviewees to ask any questions pertaining to the choice of research method, the type of questioning and how the data will be used to lessen any mistrust from the interviewees. To avoid interruptions and disturbing the flow of the conversation, the researcher recorded the interviews.

The researcher conducted semi-structured in-depth interviews in various ways depending on the participants preference. Most of the interviews were conducted via WhatsApp calls as all correspondence through WhatsApp is encrypted, others were face-to-face, and one was over Zoom. Initially, the researcher did not anticipate having face-to-face interviews with any of the participants assuming that they would want to protect their identities and safeguard themselves and their businesses from any potential threat of exposure. However, these participants were more than willing to conduct in-person interviews, as they provided a tour of their facilities and presented and discussed their packaging, in-store display, and products. To effectively capture interview data, all the interviews were recorded. Recordings allows the researcher to focus on the interview content and verbal prompts, thus enabling accurate verbatim transcription (Jamhed, 2014). Participants were informed before and at the beginning of the interview that their responses will be recorded.

This data collection method was selected as the researcher can pose a series of questions guided by the CBBE framework to participants with the intention of learning more about the cannabis retail industry, how they navigate the industry-wide marketing ban (including the creation and implementation of communication strategies and the related challenges), their brand-building efforts and the challenges of operating in a core-stigmatised industry (Berman, 2017; Strydom & Bezuidenhout, 2014). The primary aim of in-depth interviews is to obtain information through the use of open-ended questions and allowing the participant to clarify a point and provide detailed explanations (Strydom & Bezuidenhout, 2014). An interview guide was used to provide structure and direction to the interview whilst providing participants

the freedom to challenge the researcher's assumptions (Sriaranyakul, 2018). The researcher administered a pilot interview to determine whether there were any difficulties with understanding and answering the questions (Gill, 2020.).

The preliminary data collection process encourages researchers to test instruments before using them in the field. Questions are often altered the more the researcher learns about the subject or are replaced with new ones (DiCicco-Bloom & Crabtree, 2006). These pilot interviews are necessary to critically discern whether questions are effective enough to elicit the required information, and whether participants would clearly understand every question (Nyahodza, 2016, DiCicco-Bloom & Crabtree, 2006). Subsequently, responses from the pilot interview participant were excluded from the data collection as the participant was only involved to assist in identifying ambiguity and to clarify issues which may affect the study (Nyahodza, 2016).

3.6 DATA ANALYSIS

Data analysis is the process of organising, reducing, and linking data through categorisation and theme development and interpretation (Kawulich, 2004). Qualitative data analysis ideally occurs alongside with data collection enabling the researcher to generate an understanding about research questions. This process of data collection and analysis ultimately leads to a point where no new categories or themes emerge – point of saturation (DiCicco-Bloom & Crabtree, 2006).

The researcher used thematic analysis with a discovery-focused analytical approach. This approach aims to establish patterns and connections from segments of text that contain meaning and may be viewed as theory-building (Gill, 2020). The researcher used several online trail transcription tools for the first few recordings, however, as the trails from the online tools expired after limited uploads, the rest of the recordings were manually transcribed allowing the researcher to become more familiar with the data. Transcriptions from the in-depth interviews were coded and organised into meaningful categories with the aim to expand and evolve a greater understanding of the data (Malhotra & Birks, 2006). When the open coding process began, large amounts of text data was unpacked into manageable sections that could be grouped. To achieve this, repetitive reading of the data text and listening to the interview recordings was done. Once a transcript was coded it was reviewed and assessed by the supervisor to ensure accuracy of the codes before grouping them into themes. Gradually, initial codes were combined into larger categories as an inductive coding approach was applied, which meant that codes emerged from the data. However, only relevant text was coded, and a certain amount of subject knowledge was required to accurately code

the text. The codes were later grouped into broader categories known as themes. DiCicco-Bloom & Crabtree (2006) warn against the issues related to the accuracy of transcribed data such as: the difficulties of capturing the spoken word into text because of sentence structure, the inability to captured tone, use of quotations, omissions and misidentifying words or phrases for others. Participants may also speak in run-on sentences, where transcribers are forced to make judgement calls (DiCicco-Bloom & Crabtree, 2006). The researcher listened to the audio recording while reading the transcriptions to ensure accuracy during interpretation.

The study's research objectives and theoretical framework informed the coding system. As part of the coding was inductive, the other part was deductive as the data was interpreted based on how the emerging themes address the research objectives (Belotto, 2018), as the empirical data will be compared to the theoretical framework using the CBBE brand blocks (Mionic & Lindgarde, 2020). For instance, if the participant mentions that the brand elements are not well recognised, it will be analysed using the brand salience block since brand recognition and recall are subdimensions of this block (Mionic & Lindgarde, 2020; Keller et al, 2012).

Table 4: Research design summary

Number of interviews	17 interviewees
Research philosophy	Empirical research, interpretivist approach
Type of reasoning	Inductive (theory building)
Research approach	Exploratory research
Methodology	Qualitative methods
Period	Cross-sectional
Interviewing methods	Semi-structured interviews
Sample selection	Non-probability sampling (purposeful) selection
Instrument	Interview guide: open-ended questions

Data trustworthiness, reliability, and credibility

In qualitative research the terms trustworthiness and credibility often substitute validity and reliability. Trustworthiness refers to the extent to which qualitative results can be trusted, this does not mean that the reader undoubtably agrees with the result. Credibility suggests that the research results are plausible. The researcher addressed trustworthiness and credibility by making the process of arriving at the conclusions clear, as well as applying interrater reliability. Reliability is related to the probability that identical or similar results would be produced if a research method is repeated (Nyahodza, 2016).

Essentially, interrater reliability refers to the relative consistency of the judgments made by two or more 'raters' of the same data set. This study used interrater reliability to measure the extent to which the data collected accurately represents the variables measured (McHugh, 2012). The two raters were the researcher and supervisor, as a code as allocated to text by the researcher, the code was then assessed in terms of accuracy by the supervisor and then discussed to determine its applicability. Codes would then be amended or verified. McHugh (2012) also mentions that interrater reliability also applies to judgments an interviewer may make about the respondent.

It is important to note that this study makes no claims as to the p of the findings to a broader population however, the findings may extend to similar contexts. Thus, comparative research exploring different contexts can support extendibility (Steenkamp, 2016).

3.7 ETHICAL CONSIDERATIONS

There were no ethical issues in the undertaking of the study. There were no vulnerable members of the community targeted. None of the participants developed undue stress from the study or pulled out of the interview. No remuneration was offered to the participants to avoid bias. Regarding informed consent (Appendix 2: consent form) participants were the researcher discussed the following before the research commenced:

- that they were participating in research
- the purpose of the research
- participation was voluntary.
- That they may withdraw from the research at any stage; and
- data confidentiality, by means of nonidentification of any participants.

All unauthorised access to the data was restricted. Only the researcher and supervisor have access to the data.

CONCLUSION

This chapter described the research design, data collection and analysis, sampling, and ethical considerations. Chapter 4 will discuss the research findings with reference to the literature review.

4 CHAPTER: RESEARCH FINDINGS

4.1 INTRODUCTION

The previous chapter outlined the methodology of the study. This chapter presents the results of the data collected. Following the analysis of 17 in-depth interviews, a number of insightful findings emerged from the data. The sample description is first presented, followed by a discussion of the relevant thematic findings. The chapter then concludes with a summary of the preceding findings.

According to the CBBE model, building a resonant brand involves (1) establishing true brand identity (Brand Salience); (2) creating appropriate brand meaning by creating positive and differentiated brand associations (Brand Performance and Imagery); (3) eliciting favourable brand responses (Consumer Judgements and Feelings) and (4) developing customer-brand relationships characterised by active and intense loyalty (Consumer Brand Resonance) (Keller, 2001). The findings of this study are thus presented according to these elements.

The primary objective of the study was to explore how South African cannabis businesses build customer-based brand equity in a stigmatised industry. An interview guide (Appendix 1) was generated based on the secondary objectives of the study, and this guided the discussion to address the main objective of the study. The interview guide was drafted to solicit data that provided insights into how cannabis businesses create salient brands, develop brand meaning, elicit appropriate brand responses and develop brand resonance.

A goal of the CBBE model is that it should be applicable to all possible kinds of brands and industry settings (Keller, 2001). This study reveals a potential gap of the model in this regard. One of the main findings is that it does not account for the nuances of brand building in a stigmatised and partially illegal industry. As stigma is a psychological construct which plays out socially, its very existence in an organisational context significantly influences each phase of the CBBE model, which encompasses identity and associations, judgements, feelings and relationships.

The table below presents the interviewee profile, which provides information about the respondent's roles, number of years their business has been operational and the type of brand tone they use in their communications and messaging to their customers.

Table 5: Sample description

Interviewer	Role	Years operational*	Tone of messaging and communications

1	Founder	3.5 years	Warmth and fun
2	Founder	3 years	Security, self-respect
3	Co-founder	3 months	Authenticity, security
4	Founder	5 years	Security, social acceptability (approval)
5	Marketer	4 years	Excitement, security, social awareness
6	Managing director and co-founder	5 years	Authenticity, security and excitement.
7	Co-founder	2 years	Fun, excitement, authenticity
8	Founder	3 years	Excitement, authenticity, social awareness
9	Founder	2 years	Authenticity, social awareness, and security
10	Director	3 years	Authenticity, social awareness, self-respect, and warmth
11	Co-founder	4 years	Fun, authenticity, and social awareness
12	Head of growth and Marketing	3.5 years	Excitement, security, authenticity
13	Founder	2 years	Warmth, security, social awareness
14	Co-founder	2 years	Social awareness, authenticity, and security.
15	CEO, co-founder and practitioner	8 years	Warmth, self-respect, authenticity
16	Manager	8 years	Authenticity, self-respect, warmth
17	Founder	2 years	Authenticity, social awareness, excitement

*As of 2021

4.2 Thematic findings

The findings below are grouped into themes based on the data collected, most of which can be categorised under one of the CBBE model elements, quotations from the interviews are included for evidential value.

1. Brand Salience

Brand salience refers to aspects of the awareness of the brand and linking the brand to associations in memory (Keller, 2001). In stigmatised industries such as the cannabis industry, the key consideration is that brand associations are preceded by the industry's association with illegality and social stigma. Unlike non-stigmatised brands, cannabis brands have to not only compete with similar brands in the industry to establish their identity, but with the extant and longstanding negative perceptions of the industry itself.

The stigma facing cannabis brands is an industry-level one; that is, each organisation is not individually stigmatised, but all are collectively stigmatised as a result of being part of the cannabis industry. Thus, in creating their own positive brand associations, they need to consider destigmatising the broader industry.

According to Ghodeswar (2008) brand identity is based on a holistic understanding of a company's customers, competitors, and industry. The subthemes categorised under the *Brand Salience* element include consumer identity and competitor identity, each discussed below.

Consumer identity

Customer identity refers to the category label with which a consumer self-associates that is representative of what the individual in that category looks like, thinks, feels, and behaves (Reed, Forehand, Puntoni & Warlop, 2012). Brands need to understand who their customer is, what they believe and what they do in order to build targeted communication or marketing strategies to attract them. Participants discussed a number of characteristics with regards to their consumers, including their diversity, purchase purposes and preferences.

Diverse consumer base

A number of participants described cannabis consumers as a diverse and extensive group:

> "So basically, I've got them all, from small kids right through to very old people. And they're all different colours, sizes, backgrounds". (Interviewee 4)
>
> *"... if you look around, it is extremely diverse... you'll be surprised at how diverse the people are that use our fruit and veg and our cannabis… We are a very eclectic community as I've explained. People come here for different reasons."* (Interviewee 9)
>
> *"The demographic of clients is from young guys and women all the way up to people in their 70's/80's that are getting into cannabis for the first time. So, we've got a very broad range of consumer's, it's not just one age demographic that we're dealing with…"* (Interviewee 11).

Some participants even pointed out variances in their consumers' use of, and their level of familiarity with, cannabis:

> *"I think you've got three... You've got your (1) current recreational user that uses cannabis on a recreational front. (2) Then you've got your medicinal user that uses for medically, for medical purposes. (3) And then you've got your "not sure" - And that's people haven't yet quite tried it."* (Interviewee 6)

> *"You know what, you can just split them into two categories. It's either you are like a beginner, you're new to this thing or you are a person who knows about it already. Beginner[s] typically have more questions and are more interested in making sure that it's safe to do... But then with someone who's more experienced, they're not going to ask as many questions"* (Interviewee 1)

> *"The younger market, they focused on more, the recreational side of things."* (Interviewee 10)

Moreover, Interviewee 4 considers skeptical individuals as a customer.

> *"And then you've got the ones that are really still skeptical and they're not sure."* (Interviewee 4)

Purchase purpose

Consumers are motivated by different factors when they purchase from a cannabis business such as lifestyle changes, productivity, and health conditions.

> *"When they go out, they don't drink, so they'll have a joint while they're friends are having beers. They don't use any other things, they use it for sleep, they use it for anxiety, they use it for everything…. So, some people will be very honest and say I don't want to drink I want to get high."* (Interviewee 15)

> *"… most of the clients are people that's got something wrong with them… Whether it's eczema, and they need an ointment, or whether it's arthritis, and they need a stronger oil for the pain or for inflammation."* (Interviewee 4)

> *"Sleep is obviously a massive problem for you know, high operating individuals who need their rest. A lot of them are on sleeping tablets, ... So, with CBD specifically, and obviously other products THC related, it's just phenomenal at filling this void."* (Interviewee 6)

Generally, age was identified as an influencing factor in consumers' purchase purpose. Older people are more likely to try cannabis products for medical use:

> *"... we get a broad range of clientele from your older generation coming to buy their CBD oil for arthritis to your 19/20 year old's coming in to buy a dry herb vapouriser (Interviewee 7).*

> *"So, our consumers are getting older, and we are slowly but surely becoming more medicinal without realizing, but that is the need of the community."* (Interviewee 9)

Some customers were described as well-informed and able to quickly identify their desired purchase, while some were more likely to explore or learn more:

"… when we were in Woodstock, we were completely the destination and it was pretty much 99% intentional buyers where they would come in, know exactly what they wanted, purchase and go." (Interviewee 7)

"And then you've got the ones that are really still skeptical and they're not sure. They're just window shopping basically. They want to know what's the difference between your product and other people's products." (Interviewee 4)

"So, there will be certain people which will say, like I'm not looking for something so heavy. I want something that I can still function on. There is definitely that purpose driven..." (Interviewee 14)

Customer queries

Participants were asked to list the type of queries customers had pre-service, during the service and post-service. Based on the findings, it is evident that there is a wide range of customer queries throughout the entire sales journey. Queries ranged from: product information, legal status, dosage, strain, potency, and effects. This is expected as there is more to be learnt about the cannabis industry. Moreover, Kruger, Kruger and Collins (2020) found that knowledge of dosing and cannabinoids is low among consumers – even among frequent cannabis users.

"A lot of people want to know what's the dosage of it. So any follow-up information is really around dosage, and 'can they use it internally'? 'can you use it externally'?" (Interviewee 6)

"… they would first query about the legality, specifically about cannabis. For them it is very important first to understand the law ..." (Interviewee 9)

"Most of the time, the main question is indica or sativa..." (Interviewee 14)

"They'll ask how was it grown? Was it grown outdoors, was it grown indoor? … But when it comes to our newish people… The questions will usually range from what strains we would recommend, … how does this strain make you feel, what effects can they expect, how long after they've consumed the edible will they start feeling the effects?" (Interviewee 15)

"Can you get high from it – top of the list. Will it make me drowsy? Does it help for cancer? Can I take in the morning, can I work on it?" (Interviewee 12)

Brand engagement preferences

Participants identified what their customers preferred in terms of engagement with the brand.

"Some people actually want to see the product, feel it… I see mostly older folk, they want to come and collect, they also want to see the product and they also want to talk to you. (Interviewee 4)

"Telephone is the most important tool in our business. We've noticed that people, although they shop online, still want to speak to people, they still want to know there's a human on the other side, they don't want to just look at a picture and click on it and it gets delivered. So, I'm talking about

new customers now. … They still want to speak to people... If you took our telephone away, I think our sales would drop 50% to be honest." (Interviewee 16)

Competitor identity

The burgeoning cannabis market in South Africa is more than likely going to welcome new entrants into the marketplace and existing firms will need to expand or advance to compete. Generally, consumers don't have time to learn about every place's offering (Anholt, 2007), hence, cannabis businesses need to be aware of who their competitors are, what is their offering, who are they serving and what's is their unique selling point. Obtaining this information will assist a firm to remain competitive and define their competitive advantage or unique selling point. Participants revealed the competitive nature of the cannabis industry:

"... when it became legal to grow everyone and their dog was like, 'Hey, I can grow cannabis'. And the market became absolutely flooded. And that's what I was saying. It's a lot more competitive now." (Interviewee 14)

"*There's a lot of people that say 'Well, I can get it cheaper than this'. If you can get it cheaper, then go and buy it. I can't drop my prices. It's already a cutthroat industry.*" (Interviewee 4)

"You will find today on social media that a lot of people who advertise cannabis, and sell cannabis openly online, and run delivery services and things like that." (Interviewee 9)

Participants identified their main competitors. Most brands were deemed competitive based on their product offering and pricing. Participants also mentioned brands that they admired.

"There's one that I like called the Good Doctor ... I would say that I have a competitor in the sense that they also have good quality, and they also have good variety. There's another one around here... it's called Dragon something. I would say they are competitors in the sense that their prices – they are much more competitive in the pricing sense." (Interviewee 1)

"Bobby Green Hash, but he's huge. I mean he's got such a wide variety that I can't really even compare myself to them." (Interviewee 4)

"The Green Side in Johannesburg is doing a hell of a good job with their advertising marketing. As well as the education platform." (Interviewee 6)

"Another good brand to look at is African Canna Med their marketing, their positioning in the market is very strong. They do a very good job of they've actually expanded now. They had retail shops in China." (Interviewee 10)

2. Brand Performance and Imagery

Regarding the *brand meaning* level of the brand equity pyramid, it was found that cannabis brands have considered more *brand performance* attributes to be associated to their business and offering compared

to developing *brand imagery*. Four main codes were identified through the analysis process under the *brand performance* block which relates to the inherent product or service characteristics which attempt to meet customers' functional needs.

The stigmatised nature of cannabis becomes more salient when building factors of brand imagery. Brand imagery refers to how people think about a brand abstractly, rather than the actual actions of the brand; and cannabis brands' imagery is highly influenced by underlying stigma. Moreover, core stigma transfers to various stakeholders of the business through categorical stigma, which refers to a vilifying label attached to an industry and its participants (Khessina, Reis & Verhaal, 2020). This directly influences how the business, its competitors, its suppliers, and its customers are perceived purely by having an association with the stigmatised organisation.

Imagery

As categorical stigma significantly reduces relevant stakeholders' engagement with the stigmatised organisation, it can be harmful to their performance and chances of survival (Khessina, Reis & Verhaal, 2020). In brand building, cannabis brands have to contend not only with creating favourable imagery, but also with neutralising the current imagery that the market elicits, how their customers are perceived by doing business with them and, in turn, how that view of their customers feeds into their own brand imagery. The stigma of cannabis brands creates nuances for the intangibles of brand imagery, namely user profiles, purchase and usage situations, personality and values, history, heritage and experiences of their brand imagery (Keller, 2001):

User profiles.

Brand imagery is directly influenced by the type of person who uses the brand. Although perceptions about cannabis are gradually changing, the longstanding, stigmatised associations of cannabis users have earned them widely-used, negative labels. In building their brand, cannabis businesses need to contend with the established image of cannabis consumers being lazy, unhygienic, 'stoners', amongst myriad other negative perceptions. In building their imagery, they essentially need to rebuild their consumers' public image too:

> *"So I think the biggest thing that's most important is we need to show that we are contributing members of society. So we need to change the stigma of the people are lazy stoner."* (Interviewee 14)
>
> *"… there's a stigma regarding typical stoners – the buyer of the cannabis products."* (Interviewee 10)

> *"… we've marketed to a certain level of society. It's not the stoner society… we're not a stoner hangout and that's part of that.* (Interviewee 5)

Purchase and usage situations.

Cannabis businesses also need to consider the negative perceptions of the conditions under which their products are sought and used. As the illegality of the industry has given rise to a black market, perceptions of cannabis purchase conditions involve dubious transactions in clandestine locations. Usage-related perceptions also include the secretive consumption of cannabis, where the user is likely to be sedentary, further perpetuating the 'lazy stoner' stereotype. Cannabis brands are tasked with counteracting existing negative perceptions as well as attempting to build more positive imagery around purchase and usage situations.

Participants were asked how best cannabis businesses can create positive associations and boost credibility:

> *"So we're trying to push as professional[s]... we're trying to break that stigma that everyone has of weed smokers which most people know is incorrect. …to try to assist the industry."* (Interviewee 11)

> *"Number one, professionalism in their approach to their customers, their knowledge and understanding of their product and the industry."* (Interviewee 10).

Personality and values

According to Keller (2001), brands may adopt personality traits and values similar to those of people. Brand personality is related to the descriptive usage of imagery but involves much richer, more contextual information. When discussing the personality traits they embody, ten out of seventeen participants mentioned authenticity, eight mentioned security, six mentioned social awareness, five mentioned warmth, five mentioned excitement, three mentioned self-respect, and one mentioned fun. With regard to values, cannabis businesses can create brand meaning and positive associations through community-based social and environmental initiatives:

> *"... doing CSR initiatives are a very good way to build trust in the community. So, shifting and getting the general public to understand or your community to understand that what you do is for the benefit of not just yourself, but trying to show them the vision of what this can do or how this can help."* (Interviewee 10)

> *"I started a business six or seven years ago called Organisation 1, where we distributed organic vegetables. And that I created as a give-back business. So that became the base of our standing."* (Interviewee 5)

> *"So last year throughout COVID, we continued to support the artists. We paid out over a hundred thousand rand in cash to the local artists: ceramists, sculptures, musicians, singers, etc.... That gave us the ability to represent culture when we moved into summer… "* (Interviewee 9)

Focusing on their local community emerged as a value that some of the participants embraced in their branding building efforts:

> *"So, we've tried to localise it to actually growing cannabis in South Africa, then further break it down to, if you're growing it in Durban or growing it in Joburg or growing it in Cape Town. We try to create a platform where the local - the South African audience can relate to rather than all the information that's on the web currently relates to overseas."* (Interviewee 7)

> *"… our main marketing venture has been via YouTube and that's been via creating educational content that means something to the South African market. If you're putting out stuff that means something to the market, at the end of the day they're going to build a good brand association with your business you know."* (Interviewee 11)

> *"So last year throughout COVID, we continued to support the artists. We paid out over a hundred thousand rand in cash to the local artists: ceramists, sculptures, musicians, singers, etc... But that is for me the most powerful if we get local guys whether they do reggae music, or whether they do country or blues ... So, you can bring people in through art."* (Interviewee 9)

Brand imagery is also enhanced by how owners conduct business and employees represent the business. Cannabis businesses emphasise their professionalism in their brand-building efforts:

> *"So, we're trying to push as professional[s]... we're trying to break that stigma that everyone has of weed smokers which most people know is incorrect… I'm pushing a professional as possible to try to assist the industry."* (Interviewee 11)

> *"Number one, professionalism in their approach to their customers, their knowledge and understanding of their product and the industry… They need to be the point of authorities when it comes to their specific market segments."* (Interviewee 10).

History and heritage

According to Keller (2001), brands may adopt associations with certain noteworthy events in their history. These associations can be public and broad-based and can therefore be shared to a large degree. With cannabis' legal and social history on a global scale, cannabis brands should take into account the generalisations built by the negative history that feed into their imagery. However, African-based cannabis businesses honour the plants historical significance in the context of spirituality, culture and healing:

"There's actually a lot more knowledge from our elderly community, then in our youth community… But if you speak to your grandfather, or your grandma, she will probably tell you that her mother and father and grandmother, grandfather not only used it for medicinal purposes, but food, religious practices, and the list goes on. ... Culture is critically important, and we convey that ..." (Interviewee 9)

"This plant has been given to us and it's been used for spiritual purposes, even to speak to our ancestors and to speak to God..." (Interviewee 15)

Cannabis Marketing:

One of the themes identified was cannabis marketing in which participants described their marketing activities and the various ways they explore them.

Some use digital marketing to promote their offering:

"So, people are doing a lot of marketing on Facebook, there's a lot of WhatsApp groups. WhatsApp and Telegram is the best place of marketing when it comes to cannabis for our local community." (Interviewee 15)

"I would say that a lot of my customers come to me via a very strong SEO. Which is ranking highly on Google or getting the first result often… As an online business, that's the one place you can really do incredibly well. So, there's that aspect of people finding us directly and then obviously with a large amount of online presence that we have" (Interviewee 11)

"On Facebook at the moment, we also on LinkedIn, we don't really have a Twitter presence or an Instagram presence. So, we find more value with these particular clientele on Facebook and with more professional on LinkedIn." (Interviewee 10)

Some described the incorporation of functional and visually attractive content, digital marketing and types of marketing activities:

"We'll do one WhatsApp status with a video saying new strain released and a video of the bud." (Interviewee 14)

"I mean, it does work putting nice looking pictures out there with little slogan or something on there." (Interviewee 4)

"… we've pushed an Instagram, emailer and YouTube channel, all as untraditional marketing - the emailer is quite traditional - but the Instagram we haven't boosted, it's all been organic traffic. It's just been through consistent posting, creating high quality engaging content..." (Interviewee 11)

A couple of participants explored multi-level and influencer marketing to promote cannabis products:

"… we launched the network marketing. For them to become part of this it's not as simple as the rest of the regular multi-level marketing where you just sign up and sell." (Interviewee 12)

"… so last year, I used influencer marketing man, I spent about between 10 and 20 grand a month on influencer marketing." (Interviewee 12)

"It also encourages affiliates. So, each person who wants to be an influencer can influence and they can build a multi-level marketing three down and three across, so we can send people within us and get paid for influencing." (Interviewee 5).

Some participants discussed the complexities and restrictions of marketing a stigmatised product as opposed to marketing a traditional product:

"We can't market the way that normal businesses market. I can't put up a billboard next to the street, I can't show an ad on TV, here and there you'll see a CBD ad on TV but once again that's for the isolates…" (Interviewee 15)

"So, it's not like advertising a new biscuit. Because everybody loves biscuits. So, nobody's going to complain. But this is quite I think controversial." (Interviewee 4)

"So basically, there's no traditional marketing forms that you can make use of because of your seen link to cannabis." (Interviewee 11)

"On a regular cookie you can advertise it in any way you want on television, radio, newspaper, etc. And on cannabis you're not allowed to advertise at all. So, you have nothing at your disposal, well no traditional marketing at your disposal to market a cannabis cookie. Zero." (Interviewee 9)

Most participants share educational content on their owned media platforms (social media, website, and email). All of them emphasise the significance of educational content in their marketing efforts.

"… our main marketing venture has been via YouTube and that's been via creating educational content that means something to the South African market." (Interviewee 11)

"... you can take a look at our website or our Facebook page, you can see the content that we actually put out. It's a lot of higher-level education type of content about the marketspace itself..." (Interviewee 10)

"We've got an educate tab on our website. So you know, any kind of FAQs, and that kind of thing can be answered by our website... it speaks quite well on our website about the general outline of cannabinoids and what they can do, and what benefits they are" (Interviewee 6)

"*So the subject selection is very important. ... we focus I would say 50% of our resources on education. So every Saturday morning we've got a free grower's workshop, and that varies from soil*

preparation, to cloning of the plant, to extracting, to technology. 360 of this plant..." (Interviewee 9)

Authenticity and personalisation:

Businesses that embrace and encourage a culture that fosters authentic values can bolster brand trust and assist with firm growth within the marketplace as well as establish and maintain the qualities of a brand from the perspective of key internal stakeholders (Napoli, Dickinson, Beverland & Farrelly, 2014). Moreover, forming distinct and personalised messaging that is tailored to consumer preferences, enhances consumers lives, drives engagement and loyalty as these marketing messages anticipate and meet consumers expectations (Wong & Guan, 2018).

Participants discussed their authentic and personalised approach to their content generation, and product and service offering or marketing:

"... being a CBD brand, it was easy for me to translate the message with my testimony ... I leveraged off my testimony to target my perfect customer." (Interviewee 12)

"*So, we've got different categories on our blogs, so there's a growing category which is kind of information on how best to grow cannabis in South Africa… So, we've tried to localise it to actually growing cannabis in South Africa, then further break it down to, if you're growing it in Durban or growing it in Joburg or growing it in Cape Town. We try to create a platform where the local - the South African audience can relate to rather than all the information that's on the web currently relates to overseas."* (Interviewee 7)

"… if we are consistently doing what we say we are doing, and we build equity in our pizza's, and in our soil, and in the way we treat people - in everything we treat people, you will move to wherever you're coming from tomorrow and tell people - word-of-mouth, that there's a community in Hartbeespoort Dam that's trying to change things and I will come and they will pay their R50 to come and learn, to grow, and to relax and zone out." (Interviewee 9)

Product

Product attributes such as price, quality and design serve as criteria for customers to assess a product, and aid buyers in making their purchase decision. The participants discussed product characteristics which customers value, including product effectiveness, product quality, product price, product differentiation, product variety, packaging, and safety. Key insights include a focus on investing in product development and packaging; quality and consistency are highly regarded, and the measure of value should be holistically considered.

"And so going into mainstream, consumers, it needs to be, obviously packaging is very important. Presentation is important ... and then just general marketing point of sale materials." (Interviewee 10)

"I think like any business owner, we want to be the complete turn-key solution... basically: high quality at an affordable rate, a trusted brand... 'this stuff really works, and it gets here timeously, and we never have any problems with it'." (Interviewee 6)

"Look, we've got 32 products from coffee to skin ranges, we got like a premium skin range, and I'll compete against Nibu any time of the day"… so we provided a product that made the customer feel safe, that if they by accident took too much, they can't have a negative experience with it... that's why we manufactured at the ISPMG facilities in the beginning, is to provide a client with a safe experience." (Interviewee 12)

"*But what I would say is the defining part, is people wanting quality and also knowing exactly what it is that they're smoking… it's what you know a brand for: its consistency, their quality, and that's what I would say goes. You know I try to be consistent as possible and also maintain my quality."* (Interviewee 1)

Customer service

Studies (Sarker, Mohd-Any & Kamarulzaman, 2021; González-Mansilla, Berenguer-Contrí, & Serra-Cantallops, 2019; Iglesias, Markovic & Rialp, 2019; Hanaysha, 2016) indicate that customer service and customer engagement have a significant positive effect on all dimensions of the brand equity model thus, it is necessary for cannabis businesses to provide exceptional customer service to develop long-term relationships with customers and obtain a favourable brand image.

Customer service is reflected through the abilities, knowledge, competencies, and eager behaviour of employees in delivering products and services to customers and satisfying their needs (Lucas, 2005). Participants showed customer service through various ways, including offering advice and education, rewards and personalised service amongst others.

People generally seek advice and guidance from cannabis professionals; however first-time buyers need greater support during the purchase journey:

"People that you service are always going to rely heavily on your word, they're going to lean on your opinion, on your suggestions, recommendations heavily." (Interviewee 4)

"Brand new person, you might find that I'm sending pictures, I'm sending explanations, explaining what the different types of weeds are. You know, maybe explaining more about the edibles, how the edibles work, you know how they can take effect." (Interviewee 1)

"It's a very consultation heavy process for an absolute beginner." (Interviewee 11)

Participants are willing to share and send customers additional information about the product and educational resources:

"And then I am also willing to take pictures, I'm willing to send videos as well and then sometimes even, I'm willing to direct them to other sources that they can get, outside information on this to strains from flowers." (Interviewee 1)

"People don't buy products; they buy from people. And the moment I start speaking to people, whether it's a group or individuals, you know, I'm able to present them with a manufacturing file. I'm able to present them with batch tests." (Interviewee 12)

"So we've got all this content that we've created to questions that we get asked. If I'm getting a FAQ, I create a video about it so that next time I get question I can just send the video." (Interviewee 15)

Participants ensure that consumers receive timeous attention with regards to service and product delivery:

*"… it's little things like making sure the product arrives on time." (*Interviewee 6)

"I'm old school, my phone is not allowed to ring more than two rings, to me I've got to answer it. If you get an order, you process it immediately, and you send it out the next day, so sometimes I still send it the same day. So, I try and give the old school service." (Interviewee 4)

"And also, the level of service, the level of speed that we offer, if we get an order in then it basically goes out immediately, and we push an incredibly, incredibly fast turnaround time for consumers as well." (Interviewee 11)

Most participants offer rewards and incentives for repeat purchases by offering discounts or through a loyalty system:

"… customers want some kind of incentive... I always tell them that if they do refer someone, they will get something for referring a person so that is something that I will absorb. Let's say you find that for the first purchase I will always give some free item which is maybe rolling paper if they ordered something to smoke." (Interviewee 1)

"So, in 2018, the competitive market became insane. We incentivized for every hundred rand you spend, you get one loyalty point, one loyalty points equals one rand. You get that back in the store on anything you want." (Interviewee 14)

"… whenever someone purchases something in store it's part of the growing category, they get 5% back in points to use to use on their following purchase. They don't expire, their all tracked on our point of sales system." (Interviewee 7)

Participants provide consumers with quick and consistent after-sales support:

"We do a lot of growth support through there because people are having problems with their plants, and all sorts of various things that require a little bit more pictures or video content or something like that. So, they consistently come back to us for support." (Interviewee 11)

"And you are giving them the necessary after-support... I would phone them in the middle of the next month to find out what their experience was like. And through that experience, we built up a relationship where they so many of our customers." (Interviewee 12)

"So, if they [consumers] message us back and they're like, dude, I don't like this, we'll just be like sweet, how much is left, we'll replace it straight away. And we send the delivery driver right out to fetch what they've got, send them something new." (Interviewee 14)

Most participants have more than one sales channel/medium in which customers can purchase products or enquire about products and services:

"… the main sales platforms or the main correspondence platform for actual clients of our online shop or of our brand will be – we run a Telegram line which is supported from 9am every day until 5pm every day, Monday to Friday. And we use that as a sales platform." (Interviewee 11)

"… all our sales were done through physical retail stores. I've got reps out, that would go out to those independent pharmacies, health stores, health chains, that kind of thing. And most of our sales, I would say 80 to 90% of our sales were generated through physical… we've got a website, your standard website that has our contacts in, you can also order from our online store…." (Interviewee 6)

"WhatsApp is kind of the main form of communicating directly to the customers. Once the website is set up, they'll place their orders through there, and then we'll be emailing them notifications from then onwards." (Interviewee 14)

Two of the participants offer consumers personalised services or provide a tailored offering:

"… If I can see that you want to order in greater numbers or more often and so on, I will actually kinda apply some analytics to your orders to figure out "actually these are the kind of things that you order all the time. Maybe let me propose a certain deal to you" that will either save you time, money or get you more of what you really like at a better rate. But that will also help me understand you. People would want me to package their orders in a certain way – to personalise their packages." (Interviewee 1)

"The clients don't know what they want, they have no idea what equipment they need. So basically, the main thing that we deal with a lot of the time is clients coming to us wanting to cultivate and we'll work it backwards for them. We'll find out how much they consume, for how much they need to produce, and then we'll consult heavily with them to find a tailored solution for each individual client." (Interviewee 11)

Participants emphasise the importance of customer service in the cannabis industry and how it leads to brand loyalty:

"… just the simple customer service, making sure that you know, we've got some really high-level structures of tracking, and making sure that it gets there timeously, those three in conjunction just makes a customer feel important. The moment you do that, I think you've won the customer." (Interviewee 6)

"It's customer service focused in this industry very largely… So, it's a lot of brand loyalty and customer satisfaction is a very big key player in marketing, in this industry." (Interviewee 10)

"And you've got to have that customer service and or the service that makes people want to come back." (Interviewee 4)

3. Consumer Judgements and Feelings

Customers respond to a brand according to how it makes them feel. Stigmatised organisations have less control over the sub-elements of consumer feelings than non-stigmatised organisations. More particularly, those of *social approval* and *self-respect.* Operating in an industry that has had consistently high levels of social disapproval over an extended period of time, cannabis brands' consumers are likely to experience judgements and feelings stemming from this disapproval in various social settings.

Judgements

Brand judgements are concerned with customers' evaluations and opinions of the brand (Keller, 2001). Businesses in stigmatised industries would inherently have negative performance and imagery associations attached to their products or services; thus cannabis brands need to ensure that they facilitate customers to form positive brand valuations. When creating a brand, there are various categories of brand judgement that were identified from the participants, namely:

Brand credibility. Cannabis businesses can attempt to build or improve their credibility in the areas of perceived expertise, trustworthiness, and likeability. Cannabis brands can showcase their competence and innovativeness to bolster their image as a credible brand. Participants aim to affirm their expertise through introducing unique services, sharing credible third-party resources, publishing, and ensuring that products are tested:

"When I do send out new menu updates, I also send out links to strains... So, these links that I do provide are from a well-known website and this website is trusted in the cannabis community. And sending those links, knowing that they are ... paying for rather, and that has also increased the level of trust." (Interviewee 1)

"We offer a free program which we called the endocannabinoid journey… it's a coaching program that's run for, people to learn about how to work with medical cannabis." (Interviewee 5)

"Have your products tested, that's very important… make sure that your medicine is up to standard and share that with people - people love references. Just making sure that you have a clean product makes people return because it's immediate, they don't figure it out after four months, they figure it out immediately that this oil is not working for them." (Interviewee 15)

Participants achieve brand trustworthiness through collaborations, producing reliable products and being dependable and sensitive to the interests of the customers – from product safety to security or privacy:

"… aligning with larger brands in order to grow your brand strength and your trust factor in the industry. ... with that collaboration mindset, I think it is vital for this industry." (Interviewee 10)

"… just a reliable product, people want to be able to know that they can trust the brand. And I think if you can fulfil that with a good quality looking brand, that has a high quality inside, ... Because I know what goes in there, in terms of its looks, and traceability, people feel very safe with that... So we've got the most sustainable packaging comes in a box format…. I can't tell you how people love the box, simply because of the sustainability thing." (Interviewee 6)

"Like I've got guys that travels from, you know townships in the area, he says they prefer to come and buy from me because they know they're getting a clean product, whereas they will buy herbs from the taxi rank, they don't know what it's been dipped in or anything." (Interviewee 4)

"… discretion. Oh, my word. That's a big one, because people don't want to know that or find that their details are being shared… (Interviewee 1)

Brand consideration. Consideration suggests the likelihood that consumers will include the brand in their purchasing options, and is dependent on relevance, appropriateness and meaningful for themselves (Keller, 2001). Customers judge brand or product relevance based on their unique needs, hence participants require consumers to complete a need-analysis form to ensure that their needs are satisfied, as well as actively encourage consumers to write reviews or provide feedback.

"So if we get a new patient or a new client in, even if its by our recreational side, as soon as we've done our first consultation with you and you've filled in your membership forms and stuff, and we prescribe - we've decided which strain you should start on and next morning you'll have a check-in message to see "Hey did you sleep, how did you feel?"…" (Interviewee 15)

"Google reviews is something that has helped our business immensely. You have multiple actual people's review speaking about the actual shopping experience with us. For potential clients we feel that's a massive tool for them to use." (Interviewee 11)

"We do a needs analysis before they can be members of our club. So only once we understand their needs do we sign them up because then we can truly meet their needs." (Interviewee 9)

Participants also shared the desired customer evaluations/judgements of their brand, particularly with the different performance and imagery associations in consideration:

> *"I want them to get what they paid for... customers want to experience basically ease of trade - make a payment, and they expect their delivery promptly, and having a high-quality product."* (Interviewee 6)

> *"We want our business to be known as that business that helps small and medium businesses meet that next high. We want to be the incubator for other businesses or ideas generator for the other businesses."* (Interviewee 10)

> *"That's what we want to be known for... quality, the best, the best ever…"* (Interviewee 14)

Desired feelings

Brand feelings are customers' emotional reactions towards the brand (Keller, 2001). Participants were asked how they wanted their consumers to feel when engaging with the brand, and they shared the following desired brand feelings.

> "*I just want them to feel comfortable and enjoy the experience and just feel a warm fuzzy feeling like they would want to come back. I would definitely say warmth, security*" (Interviewee 4).

> *"Cared for, acknowledged, catered to, personalised, that relationship. You know, you must feel like you know you're talking to a, your friend – but you're the friend that you can trust, your friend that solves your problems, you know. You must think that you're the client so I'm connecting to whatever pleasure or experience that you are seeking to achieve."* (Interviewee 1)

> *"The first thing is excitement. They must get that thrill of dealing with us. Second, I'd say fun, and then I would go with security for my customers."* (Interviewee 14)

Societal dissonance

According to Brown (2009), societal dissonance refers to the inconsistency in attitudes based on the cognitive dissonance – tension developing from two inconsistent thoughts – but applied at a societal level. Three participants referred to the societal dissonance that exists around the plant and its effectiveness:

> *"You know, one half of society says it's a drug. And the other half, you know, they're okay with it."* (Interviewee 4)

> *"There's a common misperception that CBD is for health and medicine. And THC is for fun and recreation, and that is totally untrue… we believe in the entire plant - full spectrum, because that's how God made that plant."* (Interviewee 9)

4. Consumer Brand Resonance

Brand resonance is characterised by the intensity or depth of the psychological bond between the consumer and the brand. Participants described a number of avenues in which they establish such bonds with their consumers.

Community

Cannabis businesses build connections and create a sense of community amongst other cannabis businesses and facilitate opportunities for customers to have experiences or engage with one another:

> *"… aligning with larger brands in order to grow your brand strength and your trust factor in the industry. ... with that collaboration mindset… it grows your client base because you're reaching out to the next company's client base as well. But it also grows theirs because your client base comes. But it also grows awareness of unity within the community and a strength of you want to achieve something that the general industries are not trying to do currently."* (Interviewee 10)

> *"We brand-link and brand build, collaborate… we build as a community as a group, then we will win together … we actually built an area to have streaming events… And then we also realized that once we knew how to get people to come to us, we thought, well, why not partner with other brands? And we started doing brand launching other brands at our events."* (Interviewee 5)

Suhud, (2021) also affirm that loyal customers promote and refer the brand's products or services through word of mouth or buzz marketing. Through word-of-mouth referrals from existing customers and established referral programs, cannabis businesses can continue to build their community and reward their customers:

> *"I mean most of my customers started from referrals"* (Interviewee 1)

> *"Yeah, we do have a lot more referrals because it is a lot of trust factor. So, we do have a lot more referrals than we do actually getting new customers by direct sales."* (Interviewee 10)

> *"… we still work strictly off of referral…"* (Interviewee 14)

Active engagement

Active engagement is the strongest affirmation of loyalty among customers who willingly invest their time, money and energy beyond the purchase journey (Keller, 2001). Customers will actively engage with the brand or one another at events or online forums. Participants facilitate these experiences with the aim of strengthening the community:

> *"I've ran a number of Facebook groups for the community directly just to show 'grow' community and grow security within their community."* (Interviewee 10)

> *"So, we've got a Facebook growers group where our customers can ask questions and they are encouraged to answer each other and communicate with each other."* (Interviewee 7)

> *"So, we do the live question and answers, we get a lot of interaction between the customers together. And we see our customers, we do it bi-weekly so twice a month we do a live Q&A, and we see our clients*

physically looking forward to it and them interacting with each other on the YouTube live chat. (Interviewee 11)

Most participants have created loyalty programmes or incentivise repeat purchase by offering discounts, or even going the extra mile and providing existing customers with gifts on special days:

"On your birthday you get a gift and when you get married you get a gift… it makes the people feel like family." (Interviewee 15)

"… so specifically, our growing category we have The [company name] Growers Club, and basically whenever someone purchases something in store it's part of the growing category, they get 5% back in points to use to use on their following purchase. (Interviewee 7)

"We do have a sliding loyalty programme, that's like a coupon code plan. Dependent on the size of your basket, we send out a specific coupon or product to those clients on a sliding scale. So basically, if you spend a certain amount, you receive a certain amount of compensation from the company." (Interviewee 11)

5. 'Industry' as an additional block

The participants of this study revealed a number of challenges and considerations unique to the stigmatised industry that directly affect their brand-building environment and efforts. Among these, a lack of knowledge, legislature and acceptance were identified. These considerations were all industry-related, rather than internal or consumer-related, highlighting the importance of industry characteristics to brand building in stigmatised markets. These insights include the existence of organisational stigma and a 'black market' and the limitations of a 'grey market' through a comparison of existing legalised yet stigmatised markets.

Stigma

The concept of organisational stigma implies that some characteristics of a business are considered by others to be inherently undesirable and flawed (Devers, Dewett, Mishina, & Belsito, 2009). Hence, businesses in stigmatised industries are likely to face economic and social sanctions which consequently limit opportunities for business growth. In the cannabis industry, issues such as the black market, low consumer knowledge or education, and stereotypical user profiles perpetuate the stigma and may impact further progress in the industry. Participants shared some of the consequences of operating with stigma.

"So, cannabis is still seen as an elicit substance.... The whole cannabis industry is facing a push against the marketing of the cannabis industry…". (Interviewee 11)

"I think a big stigma in cannabis is the fact that it's been very underground, and people perceive the entire industry and the plant and its people and everything still to be underground. And it's not the truth." (Interviewee 9)

> *"... previously it was very difficult to get products out, especially if they contain THC, and it's also the buy-in from the general public. … the general public would not accept cannabis as a mainstream product. So, there wasn't a lot of education when it came to the mainstream consumer."* (Interviewee 10)

> *"You need to make the customer feel safe buying from you. ... especially in a market where there's such a stigma around what you do."* (Interviewee 12)

When asked about the perceptions around cannabis, a few participants made comparisons between other stigmatised products and industries.

> *"In the proposed South African [National] Cannabis Master Plan, that specific space, the THC space, is also identified as none advertising, none marketing in the future. My presumption would be that it would be managed the same as per tobacco. So, zero advertising, zero marketing, zero brand association, heavy health warnings, those type of things." (Interviewee 9)*

> *"In actual fact, if you look at clear studies. Alcohol is 114 times more dangerous than cannabis."* (Interviewee 10)

> *"I mean if you look at the positives and negatives of alcohol and you look at the positives and negatives of cannabis, there's more negatives to alcohol than to cannabis. You can go to the bottle store, and you can purchase basically the whole bottle store if you want to, take it home and no one will ask a question. They'll probably have a celebration. But if you were to cultivate 10kg of cannabis and try to give it to people as medicine, you will be seen as a criminal".* (Interviewee 11)

<u>Black market</u>

The existence of the black market will impact consumer markets. Since cannabis for personal consumption was decriminalised in South Africa in 2018, the black market still has a constant presence and remains an option where customers can purchase from. Moreover, entrepreneurs transitioning from the black market may require up-skilling to learn how to manage a legitimate business.

> *"... a lot of the new entrepreneurs do come from the black market. So, they have been doing illegal sales for a number of years, but they don't know corporate sales, or they don't know corporate tactics or marketing tactics.".* (Interviewee 10).

> *"So, for your recreational users, I mean, majority of them still use the traditional black markets suppliers"* (Interviewee 6)

> *"… you know, I honestly think that in general they just want to get high... I mean, you know, you can easily just go and get something off the corner" (Interviewee 1)*

<u>Censorship</u>

At the time of this studies data collection, the cannabis industry was faced with a number of advertising limitations and restrictions, in which, when violated, businesses will bare legal consequences such as jail time, pay hefty fines or have their inventory ceased and operations shut down. Censorship was amongst the most commonly mentioned issue with the cannabis industry, relating to digital and traditional marketing. Participants shared the general limitations and penalties of cannabis advertising:

> "But the marketing side, I don't really market. I'm scared of being locked up." (Interviewee 4)

> *"So, you know, when it comes to marketing and stuff, it's very limited as to how we can actually push it."* (Interviewee 14)

> "*In the proposed South African [National] Cannabis Master Plan, that specific space, the THC space, is also identified as none advertising, none marketing in the future. My presumption would be that it would be managed the same as per tobacco. So, zero advertising, zero marketing, zero brand association, heavy health warnings, those type of things."* (Interviewee 9)

Cannabis businesses use digital media to promote their offering and engage with customers. However, due to strict cannabis regulations, participants are presented with various digital marketing limitations and prohibitions. Some of the participants expressed the difficulty associated with social media advertising in the cannabis space.

> *"We recently figured out that if you are on Facebook, Instagram or anything like that, and in your company, name consists of something with CBD, you struggle they block your posts, they block your boost, they block your promotion's."* (Interviewee 12)

> *"I do have an Instagram account, Facebook account, but they block you. I mean, Facebook put me… I'm forever in Facebook jail."* (Interviewee 4)

> *"The obvious places like Facebook, Instagram, Google ads, all of that stuff, we've been completely blocked off from trying to do ads on. Everything is kind of organic and also basic things like Instagram Pages will just all of a sudden get deleted…"* (Interviewee 7)

One of the participants identified the financial impact that these restrictions have on them, particularly their ability to generate revenue on platforms.

> *"... we have the largest YouTube channel in the country related to cannabis content. ...but we don't see any income from that which is obviously very challenging because it's not cheap to create the content that we're putting out there. But we don't see any ad revenue because of the type of content that we are creating."* (Interviewee 11)

Participants identified opportunities and implemented innovative and creative solutions in response to the limitations and penalties around cannabis advertising:

> *"So obviously cannabis marketing is 'boo boo' or a no no. So we can't advertise or sell anything cannabis online. But, we can sell cannabis culture, we can sell cannabis music, we can sell cannabis paraphernalia."* (Interviewee 9)

> *"... for instance, you get shadow banned on Facebook for certain terms. So, we had been advised to rephrase their discussions or what they're talking about and use specific hashtags that aren't directly linked to cannabis but are linked to an industry specific avenue. So, if they were selling, for instance cannabis seeds, then they will use horticulture terms and so on instead of 'cannabis' or 'hemp' or something specific to that, until things start to change…"* (Interviewee 10)

> *"So basically, we haven't done any paid ads, we haven't done any boosted ads. We've had to consistently try and innovate on the way that we market. … This has been done by the traditional posting, you can still post, you can still be consistent, you can still put out quality content, you can still run competitions, which is a big thing as well."* (Interviewee 11)

Participants addressed the risks of punitive consequences and the necessary protection of identities on a business and individual level:

> *"So if there's a way that I can interact with my customers in a way that it is safe that I'm not exposed or there's now tie or like paper trail to me then definitely – if that was an option."* (Interviewee 1)

> *"… many reasons I should say, as to why we work off referrals. So, the first thing is just safety for ourselves so that we know who we're dealing with, coming from someone who wants to deal with us, you know."* (Interviewee 14)

Some even used branding elements to deliberately distance themselves from long established stigma.

> *"we stayed away from advertising and marketing because we didn't want anyone to come in here and just do anything. We wanted to do something beautiful, and it was slow. We only put up a sign one month ago [April 2021] when business started going down with the winter. Even in the beginning we didn't have a cannabis leaf on our logo, we had a coffee cup for the first while." (Interviewee 9)*

> *"So, we try to completely stay away from the red, yellow, green...you know, like your Rasta colours. To get away from the typical stoner type thing… we want it to be more mainstream, like they're dealing with a normal shop and not a cannabis store, like a fun funky brand and not a cannabis store"* (Interviewee 7)

Moreover, the stigmatised nature of the cannabis industry exposes businesses to being harassed by untrustworthy police. According to Newham and Faull (2011), the prevalence of corruption has substantially impacted the SAPS's ability to achieve its constitutional objectives and build public trust. A few participants specifically warned against the integrity of the police, and their concerns about safety for their businesses:

"Unfortunately, people are still getting arrested, and we stay in a country where a lot of our policemen are bribable. So, it's easier to come for us than to go for the tik guys or the nyaope guys. … you can't keep safe from all policemen." (Interviewee 15)

"There's a whole industry busy operating in a grey area with the government busy saying they're going to legalise it and tax it and create a huge revenue off it but on the other end there's the police saying, 'no it's illegal' and they're still arresting people." (Interviewee 7)

"… many reasons I should say, as to why we work off referrals. So, the first thing is just safety for ourselves so that we know who we're dealing with this, coming from someone who wants to deal with us, you know. We're not stepping on any toes and, you know, it's, it's, it's safety from police because the police are thugs in our country." (Interviewee 14)

Rapidly evolving industry

Since 2018, the cannabis industry in South Africa has rapidly evolved as characterised by the growth and awareness of the industry, the potential economic benefits and evolving perceptions (Van Harmelen, 2022; Henama, 2020; Duvall, 2019; Ngcobo, 2019). At the time of this study's data analysis, provisions set by the government for the recreational cannabis industry in South Africa to be legalised for commercial trade were announced, sparking further potential exponential growth. All participants acknowledged the growth and increased awareness of the cannabis industry and recognised its potential to grow larger:

"I think the whole industry from where it was two/three years ago, to where it is now is, it's grown so much in three years. There's such a huge awareness…" (Interviewee 4)

"It is a big market and it's not something that can be ignored. If you look at global trends, it's a multi-billion-rand industry that we're sitting on..." (Interviewee 11)

"This isn't going to be a multibillion-dollar industry, it is already. Its just currently in the hands of a number of different people but unformalised". (Interviewee 9)

As the cannabis industry awaits the introduction of defined legislature and regulation, participants discussed the economic and social impacts the cannabis industry will have on South Africa:

"We do make money in the industry. We do have a grow shop, it has been successful, however we want to use that success to help to grow the market as swiftly as possible… So, the job creation aspect for me is huge and also in this specific South African environment we find ourselves in, we're a cannabis cultivating country. (Interviewee 11)

"... if you look at the investment companies that are investing into the South African cannabis industry, you know, this market is looking to explode very shortly. (Interviewee 12)

"We can create jobs and, you know, ... my ideal situation in my head is if we can have processing plants where we can buy from the rural farmers, process the chemicals out of the plant that they

are growing, and then make a business out of that, we sustaining the rural growers, at the same time, as growing a nice international money-maker." (Interviewee 14)

"Understanding the product both locally and internationally, there's no doubt in my mind that South Africa could rake in huge amounts of money. In fact it's around about 4 billion rand a year is what the estimated tax implications are." (Interviewee 6)

At the time of data collection, the South African government had not yet legalised the commercial recreational cannabis industry. Participants recognised the cannabis industry's great potential in South Africa, they also stressed their frustration with the government regarding the delay and lack of legislature which will consequently hinder progress and growth within the cannabis industry. By the time of this study's publication, the South African government had issued a directive to legalise the recreational cannabis industry.

"We've hit a stagnant point of growth because of the legalities and everything revolving around the laws. You know, we can't exactly hit mass marketing and cold call a million people in that kind of thing." (Interviewee 14)

"We're an agricultural country, we're a tourism-driven country. So, all the industries that align with cannabis, we're already good at. So, the only thing that's lagging behind is the legislation. If we get legislation, we have an industry. If we get bad legislation, it will kill an industry that we already have and that is already growing." (Interviewee 11)

"… we're fighting with government, and it's been two almost it's going on three years now that they were supposed to give our rules to us and they haven't, and we're ready." (Interviewee 15)

Participants noted the shifting perceptions towards the cannabis plant and products:

"I mean, people aren't like 'oh that is dagga', you know. You don't get that anymore. People are so relaxed about it now. So I think times will change…" (Interviewee 4)

"I'd say the stigma is definitely changing a lot and it's changing much faster than I would have thought to be honest... And also just in general society, I've sort of seen people just be a bit more relaxed with the whole thing." (Interviewee 14)

"They will be a perception until things fully are legalized. And when there is open research and medical facilities actually producing products. I think there will be still a stigma that needs to be broken and it's going to be broken through, unfortunately, the change of legislation. The only way to break it a little bit now is through that education." (Interviewee 10)

<u>Education</u>

Education as a theme was repeated throughout the interviews conducted. With the advent of cannabis legalisation, it was a common sentiment among the participants that education was a high priority need in the industry.

On the business-to-customer level, participants discussed the lack of education and its importance in the cannabis industry.

> *"… there's a lot of CBD in the market, but there's not a lot of CBD education."* (Interviewee 5)
>
> *"I think everyone in the market has to push some kind of education because you're dealing with clients who don't have a massive amount of knowledge related to the topic.* (Interviewee 11)
>
> *"So, if people are open to learning and I continue to teach them then we are driving a culture and changing status quo you know."* (Interviewee 1)
>
> *"… we want to start getting to the schools because they really left the schools hanging man... the policeman is still there going 'Yeah dagga's gaga'… And then suddenly they legalise it … we need to make you aware of the good cannabis versus bad cannabis' you know. We have to now educate the kids even further, and this is the Department of Health issue"* (Interviewee 15)

Even in an industry setting, participants referred to the lack of objective knowledge within the cannabis industry and running a cannabis business:

> *It would just be interesting to see what you get out of this and how vast the industry is actually to see how big it is at the moment. Because we have no idea how big it is, and how many people like me is out there. You know, is everybody sort of undercover the whole time? Or are they more open?"* (Interviewee 4)
>
> *"This is not the kind of business where you're going to get training or there's instructions on how to do certain things, a lot of things you have to figure out on your own. So, with that trial and error you find a way that works for you..."* (Interviewee 1)
>
> *"…it needs professional people who are confident and are speaking right information to help us drive the industry because if we just leave it to the government, they don't have the knowledge that we have in the private space of 12 years of experience or 20 years or 50 years of experience, as some people do."* (Interviewee 11)

Most participants commended Cheeba Africa Academy for formalising cannabis education in South Africa and a few participants support the academy in the attempt to progress the industry by volunteering their time:

> *"I think Cheeba is a front runner, not only within our borders but an example in Africa of what other countries can need. You can have a cannabis university. It's not only on the growing of cannabis, they focus a lot on soil health, ferma-culture, community upliftment. So, they're doing some good stuff.* (Interviewee 9)

> *"So, the one company that we link with would be called Cheeba, they are an academy… they've opened a school, …to be the first cannabis college, …they're really amazing.* (Interviewee 5)

> *"…Cheeba Academy… their webinars and everything have been very helpful and educational towards the community.* (Interviewee 14)

Good business practice

Stigmatised organisations face many of the same operational considerations as traditional industries, thus cannabis businesses need to ensure good business practice to avoid any scrutiny or have their legitimacy questioned. However, the existence of industry stigma makes this more pertinent for cannabis businesses. Participants advise the best way to do so is maintain ethical business management:

> *"So pretty much like, because of the nature of the business and trying to keep everything above the books, you wouldn't want to expose yourself let's say in that regard…"* (Interviewee 1)

> *"… you're going to get good people if you do things right. But if you do things wrong, you're going to keep bad people. … All our products are within the legal limit and everything we do; we operate within the legal framework* of the South African regulators. (Interviewee 9)

Reputation is key. A business's reputation is an evaluation leveraged by potential business partners and suppliers when gathering information about the organisation (Harvey & Wade, 2015). One participant emphasised the importance of providing a good service to customers as this reflects the business's reputation.

> *"And then obviously service is number one when it comes to this industry, it really is… if something happens in this industry everybody in the industry knows about it, and then they don't want to deal with that person again. It's a very tight knit community when it comes to the actual work in industry. So, you won't get support if you do something wrong, you won't get the support from your fellow business or B2B neighbours.* (Interviewee 10)

Given the restrictive nature of their industry, cannabis organisations simply do not have the freedom to execute brand-building as non-stigmatised businesses do. Managing stigma at an industry level may therefore be their starting point to building resonant brands. Therefore, this study proposes an additional level of considerations, or 'block' – *Industry* – as an addition to the CBBE and possibly other brand-building models when applied to stigmatised industries.

4.3 CONCLUSION

This chapter focused on the analysis and presentation of findings. Data collected produced insights from cannabis business founders and markers of how they pursue their marketing initiatives despite the industry-wide marketing limitations. Themes were presented according to the dimensions of the customer-based brand equity model and the industry characteristics were acknowledged and addressed and considers the addition of another block. The next chapter discusses the main findings, and recommendations.

5 CHAPTER: DISCUSSIONS AND IMPLICATIONS

5.1 INTRODUCTION

A further analysis of the findings of this study, detailed in the preceding chapter, revealed some key insights to be discussed in this chapter. The resulting implications for marketers are also further presented in relation to the insights. According to Keller (2001), the CBBE model is intended to be applicable in all contexts, hence its use as a theoretical framework for this study; however, findings revealed several challenges and considerations exceptional to the cannabis industry that directly affect their brand-building efforts. Such factors are not accounted for in the existing model. These characteristics were discussed and subsequently motivated for an additional level of consideration – *Industry* – to the CBBE model when applied to stigmatised industries.

Despite marketing limitations and penalties on cannabis businesses, participants have been able to communicate their identity and offering through digital marketing, packaging, and creating experiences for their customers and community. Moreover, the study revealed that participants typically build their brands through activities such as consumer education, customer service, professionalism and ethical business management. These activities simultaneously aid the evolution of perceptions about cannabis use. Furthermore, it can be deduced that the brand building process by the brands in question is driven by education, serviceability and personability, where participants use processes, messaging, and actions to reflect an image and experience similar to traditional businesses. Through emphasising customer service experiences and building strong brands and personal relationships with their customers, they facilitate favourable judgments of the firms and industry, thereby reducing stigma. Some key insights, with practical implications for brands in the stigmatised cannabis industry, include the pervasiveness of education as a brand building principle, the potential for stronger psychological ties with consumers based on their collective stigmatised identity, and the inclusion of the broader public in their brand communications as opposed to solely their own consumers.

5.1.1 The pervasiveness of education in brand building

Education was a pertinent recurring theme, mentioned with regard to most themes identified in the data, across all elements of Keller's CBBE model. With reference to the Brand Salience block of Keller's CBBE model, participants reported that an overwhelming portion of their customer queries were questions. These centred around product information such as potency, strain and effects, as well as broader industry questions such as legality and social safety. This reflects the paucity of knowledge about cannabis and the

industry created by years of stigma and censorship. It also reflects a dire need for brands or business to be highly knowledgeable in order to meet consumers' information needs. Furthermore, under the *Brand Performance* and *Judgement* blocks of the model, customer service actions performed by participants largely involved the provision of information, such as supplying customers with credible third-party informational resources, developing unique programmes aimed at educating them, and even availing themselves for after-sales educational support. Under the *Brand Imagery* block, participants placed emphasis on building brands through being professional, and a large part of their professionalism was exhibiting thorough knowledge of the product itself, its uses, dosages and its effects on the user, and knowledge of the broader industry.

The lack of knowledge exists due to the longstanding stigma, illegality and censorship characteristic of cannabis, which has further resulted in the existence of contradictory information or misinformation. In the early 1900s media rhetoric and sentiment toward marijuana, which possessed little to no scientific or medical knowledge, connected its use to violent crime, promiscuity and mental deterioration (Maggard & Stringer, 2016; Lashley, 2015). This, as well as the criminalisation of marijuana played a large role in shaping public opinion. Maggard and Stringer (2016) noted media's significant impact on public opinion and its ability to influence individuals and the collective definition of a particular situation. Past communications and media representations of cannabis have been distorted and portrayed an exaggerated impression on the public about the extent and threat of cannabis use. Thus, during the 1900's, the constant and frequent media reports focused on the negative rhetoric of cannabis created an undesirable perception around the users, the use, and the sellers of cannabis (Maggard & Stringer, 2016; Lashley, 2015).

The existence of this perpetuated stigma and false information around cannabis and its use has resulted in, in the context of its now changing legal and social status, a need for reliable education. It is thus imperative that cannabis businesses educate consumers through various mechanisms. Direct recommendations for cannabis marketers include establishing networks that provide the firm and its customers with information to navigate the fast-evolving cannabis industry. Cannabis businesses can invest in developing resources in the form of credible third-party networks such as medical, research or educational institutions. With respect to internal operations, cannabis brands could largely benefit from investing resources in upskilling their staff, through running training and workshops on various aspects of the industry, as well as monitoring their progression to ensure consumers have access to the knowledge required to build resonance. Cannabis brands could go further and invest in sharing the knowledge with other businesses in the industry. As the stigma and its consequences are borne by all players at an industry level, with a trickle-down effect on

individual businesses, it is in every cannabis firm's best interest to invest spreading responsible information through and about the industry at large.

5.1.2 'Stigma-bonding' for brand resonance

A unique opportunity exists for the cannabis industry to build deeper psychological bonds with their consumers, based on the collective stigma that they carry. Through categorical or transfer stigma, all stakeholders in the cannabis industry are vulnerable to being stigmatised by disapproving audiences due to their association with each other, and with the stigmatised object (Hudson & Okhuysen, 2009). This presents an opportunity for relating with cannabis brands' consumers through commiseration or even a collective counteraction of the stigma. Cannabis brands thus have a more profound basis, as opposed to their legitimate counterparts, upon which to build deeper, identity-related psychological ties with their consumers that have the potential to resonate with them and build potently strong brand resonance. As such, one of the opportunities for cannabis brands is to foster attitudinal attachment, an important aspect of brand resonance according to the CBBE model.

A sense of community is another unique avenue for cannabis brands to enhance their brand resonance. Many of the participants of this study indicated that they and their customers view all participants of the industry as a 'cannabis community.' Given the negative evaluations of them as a group, there are opportunities to develop their kinship with each other as the broader 'cannabis community' and utilise their collective stigma as a tool for building strong consumer-brand ties.

One of the themes identified in relation to the *Consumer Brand Resonance* block of the CBBE model indicated that most of the participants' consumer base is based on word-of-mouth referrals. This is coherent with the censorship of marketing and communication that is characteristic of the industry. The resulting network of these consumers presents a further opportunity to capitalise on the sense of community amongst cannabis consumers. Furthermore, the resultant feelings of 'being an outsider' caused by stigmatisation presents an opportunity to create a sense of belonging for consumers. This can be implemented through language in brand communications, using words such as 'we', 'us', 'unity', 'community', and 'coalesce'. This can also be visually communicated through brand imagery in digital media and in-store designs that represent the idea of belonging. Another practical recommendation for cannabis brands is to use events to facilitate the gathering of like-minded stakeholders such as consumers, suppliers, lobbyists and activists.

5.1.3 Brand communications should extend beyond targeted consumers.

In the context of consumer-based brand equity, brands typically target their brand building efforts at their existing consumers, as well as potential consumers in an effort to win them over. In a stigmatised industry, however, brands should consider communicating beyond these segments, to include the broader population. This includes all stigmatising audiences, including governments and older generations who subscribe to historical negative ideologies regarding cannabis. This is due to, as detailed in the findings of this study, the pervasiveness of the collective industry's stigma and its tendency to impede every aspect of business, including brand-building.

In addition to creating messages aimed at their target market, cannabis businesses should create relevant brand communications targeted towards broader society. The aim may not be to target them as potential consumers, or to increase market share, but rather to educate with the aim of shifting perceptions in society overall. This has the potential to mitigate societal disapproval, creating a more conducive environment for trade and for brand building with fewer restrictions. Moreover, communicating with the broader society opens up additional avenues for the cannabis industry to gain corporate alliances with players in non-stigmatised industries, to acquire further resources and support.

The subsequent practical recommendations for cannabis businesses relate to a business's values, particularly those that align with greater societal values. As the industry along with perceptions continue to evolve, cannabis businesses can agree to undergo regular inspections and licensing from a registered board official appointed by the government and not the police, with a focus on safety and harm reduction. Moreover, through their CSR initiatives or localisation efforts, cannabis businesses can involve local communities, governments, and charities as well as beneficiaries in drives aimed to empower and educate such as agricultural workshops and skill development in rural communities. Businesses can provide branded equipment and materials that will aid the farmers for years to come. By involving different stakeholders to assist with the planning, organising, and hosting of these initiatives, stakeholders will see how cannabis businesses conduct themselves, support the community and learn more about their contribution to the socio-economic value chain.

Furthermore, cannabis businesses can appear more relatable to the 'average Joe' by using patient testimonials or customer reviews in their marketing, as well as tapping into the 'human-truth' of pet parents or on-boarding veterinarians as medical experts when advertising CBD products for pets.

5.1.4 Conceptual contribution: The stigma-based brand equity framework for businesses operating in a stigmatised industry.

From the business's perspective, there is a framework that guides brand building between the business and the customer. The majority of branding research is located within non-stigmatised markets, with limited research on stgmatised markets. The CBBE model is a prominent branding model which intends to apply to any context, however this study has identified a gap in the literature regarding whether the CBBE model is applicable to stigmatised industries. The framework presented as figure 3, namely the stigma-based brand equity (SBBE) framework for stigmatised businesses between brands and customers, is a discovery from the present study as a strategic brand management instrument, for B2C businesses operating in a stigmatised industry.

Just as any other offering, building stigma-based brand equity involves a sequence of necessary steps, and each step involves achieving certain objectives with existing and potential customers (Keller, 2001). The first step relates to *Destigmatisation* and uses *Industry* as a measure to assess the environment in which the brand operates and the process in which the brand takes inventory of (1) industry-wide characteristics: stigma, black market, censorship (2) societal considerations: rapidly evolving perceptions (3) internal and external structures and networks: education and good business practices. For cannabis brands, the aim of undergoing the destigmatisation process is establishing sound business practices in which the business can thrive.

The second step of the SBBE model relates to *Brand Identity* and uses *Brand Salience* as a measure of awareness and needs satisfied (Keller, 2008). This level refers to the customers' ability to recall and recognise the brand as well as have their needs satisfied. Although the findings of this paper did not clearly demonstrate how cannabis businesses aimed to strengthen brand recall and recognition, rather, it indicated how participants ensured that customers understood the product category by means of ensuring that customers know which of their needs the brand can satisfy through these products and educating them.

The following step in the sequence relates to defining *Brand Meaning*, *Response* and finally *Relationships* with customers despite the stigma. These steps will be discussed below. The application of stigma-based brand equity can be extended too almost all stigmatised industries, as it addresses various characteristics that are unique to stigmatised businesses that aim to build and sustain brand equity.

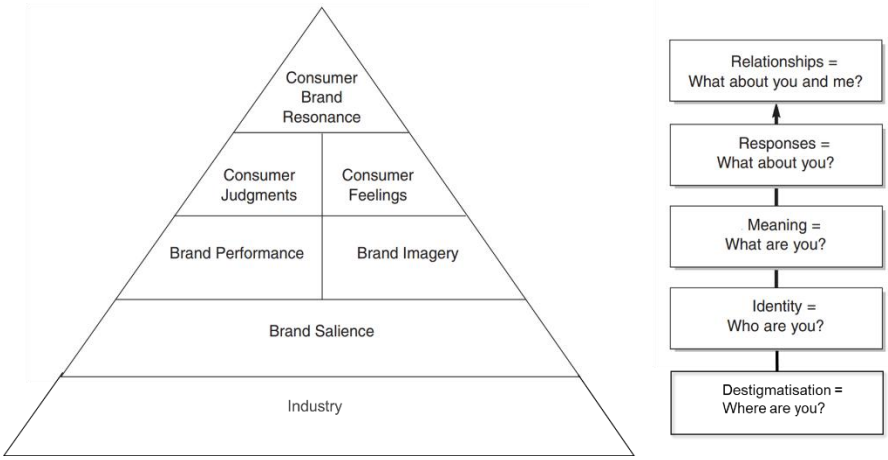
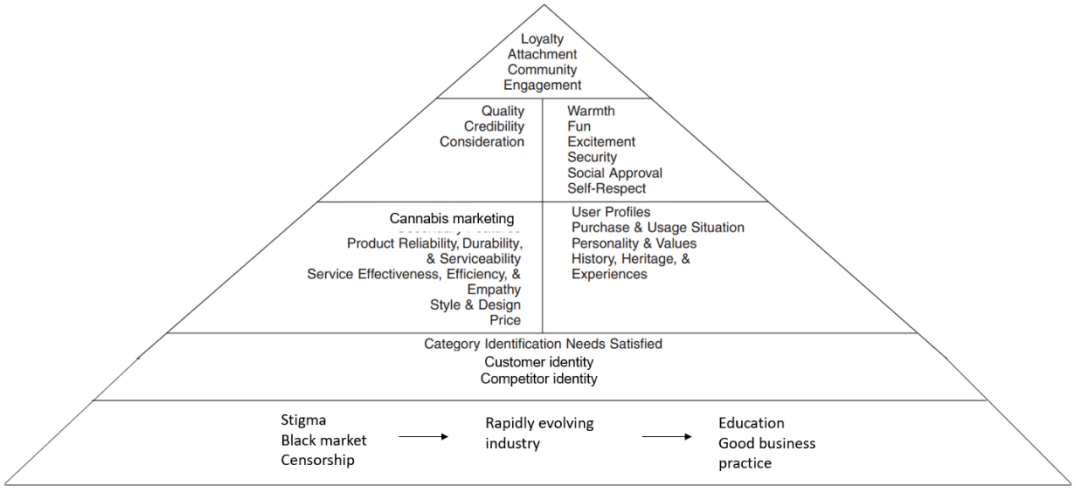


Figure 3: Sub-dimensions of the stigma-based brand equity model



Adapted from Keller's customer-based brand equity pyramid (2001)

Destigmatisation

Destigmatisation is the process of normalisation and acceptance of previously stigmatised groups or markets by reducing or neutralising the negative associations attributed to the stigmatised object, and by decreasing the degree of separation between the stigma and non-stigmatised entity (Lundahl, 2020). Destigmatisation is made explicit by using binaries which equate stigma with negative deviancy and destigmatisation with normality. Thus, in order for cannabis brands to start their journey of building strong brands and brand equity in a stigmatised environment, they will have to undergo some degree of destigmatisation to 'normalise' their presence and offering in the minds of the consumer and other stakeholders in order to start creating positive associations.

Industry is the fundamental component for building brand equity in a stigmatised industry. Within the *Industry* building block exists various elements of consideration of the state of the firm's environment. These elements represent a continual process starting with businesses having a holistic and realistic understanding that they operate in a stigmatised market and the consequences it will have on the business, its employees and customers as a result of stigma transfer. Businesses will also have to contend with players in the black market and ultimately consider its existence as a threat to shifting the industry image due to deeply rooted negative associations with the activities and characters of the black market. As a result of the longstanding stigma and/or illegality of a stigmatised product or service, there have been strict marketing restrictions in the form of censorship. Consequently, businesses in stigmatised industries need to implement creative and innovative solutions to curb these limitations and restrictions.

As businesses acknowledge and manage the challenges of operating in a stigmatised environment, they should embrace the rapidly evolving perceptions of the industry and ensure that their internal and external efforts are equipped to manage the capacity of new and existing customer queries and requests. Furthermore, for brands to be able to attend to customer needs and queries, they will have to be knowledgeable and educated in order to educate consumers on legality and legislature, product consumption, and health and safety. Business owners and managers can ensure that their staff is upskilled and educated by partnering with institutions such as Cheeba to develop industry-based employee training programmes. Businesses should also ensure that they produce and provide educational content or material for consumers that would appear on blogs, in-store displays, packaging or social media pages. Finally, businesses need to adhere to ethical trade and business practices such as ensuring product traceability, establishing measures that promote responsible on-premises use of the product, accounting for each purchase, prioritising discretion, updating licensing and testing products. The *Industry* sub-dimensions include:

Table 6: Subdimensions of the Industry building block

Sub-dimensions	Description
Stigma	In the cannabis industry, certain issues and stereotypes such as user profiles of a 'typical' cannabis user or health concerns perpetuate the stigma and may impact further progress in the industry. Brands need to identify these issues and see how they can apply mitigate the effect of the stigma.
Black market	The existence of the black market remains an option for consumers to purchase from, which means that 'legitimate' businesses have to compete with black market

	businesses. Brands need to distance themselves from the negative associations of the black market and appeal to a broad customer base.
Censorship	Stigmatised market has a number of advertising limitations and restrictions both on traditional and digital media. When violated, businesses are faced with legal consequences such as jail time, fines, have their inventory ceased or have their operations shut down.
Rapidly evolving industry	the cannabis market in South Africa continues to evolve as characterised by the growth and awareness of the industry, governments plan to open up the industry, the potential economic benefits and evolving perceptions.
Education	Investing in consumer and industry education to fill the knowledge gap caused by decades of censorship to empower consumers and promote industry best practise and knowledge.
Good business practice	Stigmatised businesses should create good and ethical business practice to avoid any scrutiny, or have their legitimacy questioned and maintain a good reputation and positioning in the mind of the consumer.

Brand identity - how can cannabis brands build brand identity.

In addition to navigating through and setting up sound structures and networks to ensure good business management, businesses need to focus on creating *Brand Salience* which encompasses brand awareness and impacts brand recall, brand knowledge and brand recognition (Yousaf, Amin & Gupta, 2016). The construct of brand awareness in the cannabis market refers to the level of knowledge and information a customer holds about a business or product category, and which need the brand must satisfy. In stigmatised industries, industry associations are preceded by illegality and social stigma, hence, unlike non-stigmatised brands, cannabis brands must establish their identity despite the extant and longstanding negative perceptions of the industry itself.

The stigma facing cannabis brands is an industry-level one; that is, each organisation is not individually stigmatised, but all are collectively stigmatised as a result of being part of the cannabis industry. Thus, in creating their own positive brand associations, they need to consider destigmatising the broader industry.

With regards to *Brand Salience* in the cannabis industry, business owners and marketers should have a clear understanding of who their customer base is, what drives their purchases, and what their preferences are, so they can best serve their customers whether medicinally and/or recreationally.

The subsequent practical recommendations for cannabis businesses fundamentally answer the research objective, 'how can cannabis brands build brand identity'.

The knowledge gap evidently exists among cannabis consumers. Based on the types of customer queries received, the researcher is able to discern the typical types of questions a beginner or frequent customer would have when engaging with a business throughout their purchase journey. Queries range from business specific enquiries (operating times, delivery/collection options, payment options), to product-based enquiries (potency, dosage, strains, effects) and a few were about the legality. The industry has been stigmatised for many years so there has been no extensive research about the plant or accessible body of knowledge about the products for consumers. The practical implications for business owners and managers include making educational resources available to consumers. This can be in the form of blogging, newsletters, webinars, social media posts, in-store education, and knowledgeable sale staff. Therefore, in order to satisfy peoples, need for information, businesses need to up-skill and educate themselves to help customers through their purchase journey so they can make informed decisions.

Cannabis businesses can create learning programs or experiential events with key focus areas designed for their customers, for example, hosting a *cooking with cannabis class* and inviting people to learn how to cook with cannabis while discussing the plants history, effects, and types of strains. Businesses can also offer 'starter-pack' product packages for beginners to introduce their menu and present their product variety or those who want to try different options. Berger, Draganska and Simonson (2007) found that variety serves as a quality cue. Brands that offer a greater variety and serve other complementary items tend to be perceived as having greater category expertise or core competency, which in turn influences the purchase likelihood.

Cannabis firms also need to be aware of what their competitors are offering, and how they are engaging with their audience in order to gain gauge overall brand positioning in the market, comparatively assess the brands strengths, weaknesses, opportunities, and threats as well as gain a competitive edge. This study found that cannabis retailers applied certain approaches based on what their competitors are doing or offering. For instance, Interviewee one described how his competitors informed his approach to pricing and serving product variety as there are no established operational guidelines or best practices in the cannabis industry. Businesses can learn from their competitors, and they can also decide to co-brand with them and strengthen their brand presence in the community.

Brand meaning - Performance and Imagery - How businesses can create brand meaning.

Industry and *Brand salience* alone are not sufficient to build brand equity. In most buying situations, other considerations such as brand meaning, or image play a significant role in creating favourable brand associations in the minds of the customer. The *brand performance* section of the equity model is the most populated compared to the other blocks in the model. Participants focused their efforts on creating strong, favourable brand associations through product and service characteristics such as variety, differentiation, quality, price, after-sales service, and service efficiency. *Brand performance* relates to the ways in which the brand and/or product attempts to meet customers' more functional needs – the utilitarian attributes of a product (Keller, 2001). Moreover, according to Keller (2001), designing and delivering products that fully satisfy consumer needs and wants is essential for successful marketing.

Brand imagery relates to the ways in which the brand and/or product attempts to meet customers' more intangible needs such as pleasure and/or experiential value – the hedonic attributes of a product Strahilevitz & John, 1998). In the context of cannabis products, for example, easy use and maintenance of a bong or grow equipment are utilitarian attributes or benefits, whereas appeals to aesthetics or sensation such as the packaging and effect (feeling high or calming anxiousness) are hedonic attributes or benefits (Sheng & Teo, 2012; Toncar & Fetscherin, 2009). The utilitarian and hedonic benefits of a product offer cannabis businesses the opportunity for differentiation in the consumers' minds (Keller, 2003) and help increase the brand association (Sheng & Teo, 2012).

Moreover, Sheng and Teo (2012) found that the value of utilitarian and hedonic attributes of a product in building brand equity in the mobile devices industry was realised through customer experience. This finding can be applied to the cannabis industry as evident based on participant's feedback. High service delivery will have a positive and prolonged impact on the consumers who attach meaning to the business meeting their functional needs, thus leading to repeated purchase and loyalty.

Once customers are done with their purchase journey, brands can provide customers with customer service review sheet to rate overall performance based on reliability (consistency of performance), effectiveness (how effective the business satisfied the customer's needs), design and style (packaging, in-store) and price.

Brand imagery refers to how people think about a brand abstractly. The cannabis markets' imagery is vastly influenced by underlying stigma which directly impacts how the business, and its customers are perceived. Furthermore, as categorical stigma significantly reduces relevant stakeholders' engagement with the stigmatised organisation, it can be harmful to their performance and chances of survival (Khessina, Reis & Verhaal, 2020). In brand building, cannabis brands need to create favourable imagery, and strive to negate the current associations that the market elicits, how their customers are perceived by engaging with the

brand as well as, how customers perceptions feed into their own brand imagery. *User profiles.* Brand imagery is directly influenced by the type of person who uses the brand. Although perceptions about cannabis are gradually cannabis users still endure negative labels such as lazy or stoners. Therefore, in building their brand, cannabis businesses need to contend with the existing negative perceptions of the industry as well as the established image of cannabis consumers.

Purchase and usage situations. The illegality of the cannabis industry has brought about a black market where perceptions of cannabis purchase conditions involve transactions in suspicious locations. In their brand-building efforts, cannabis businesses need to consider the negative perceptions of the conditions under which their products are sought and used. Cannabis brands should aim to counteract existing negative perceptions as well as attempt to build more positive associations around purchase and usage situations.

Personality and values. Brands may adopt personality traits and values consistent to those of people (Keller, 2001). Through the descriptive usage of imagery, brands can fulfil customers psychological and social needs. Cannabis businesses can create brand meaning and positive associations through community-based social and environmental initiatives.

History, heritage and experiences. Brands may use associations with certain notable events in their history or heritage. These associations may be broadly acknowledged in society and can therefore be shared or applied to brand elements to a large degree. With cannabis' legal and social history on a global scale, cannabis brands should take into account the generalisations built by the negative history, rooted on discrimination and injustice for users, that attributes to their imagery. To distance themselves from this image, cannabis businesses may stay away from stereotypical materials (red, yellow, and green, marijuana leaf), design stores to appear mainstream in order to look 'familiar' to the audience, and introduce technology to enhance the buyers experience, such as automation. However, African based cannabis businesses can honour the plants significance in the context of spirituality, culture and healing.

The subsequent practical recommendations for cannabis businesses consider the four intangible aspects of a brand and address how cannabis brands can build brand meaning:

Performance - how businesses can create positive associations through performance

Cannabis retailers should focus on their product and service offering to ensure that customers are having their needs satisfied. Brands should consider focusing their resources on providing product variety, quality consistency and differentiation by investing in product research and development as well as appealing and

durable packaging. Good customer service is crucial to business survival. Brands need to ensure that service throughout the customer journey is efficient, with a fast turnaround on queries and orders, and that the sales staff are informative and competent. Brands should create and regularly update a dedicated FAQ page on their website in which they can refer people to.

With brick-and-mortar stores, in-store branding should be designed and aligned with the same or similar brand elements featured on external communications in order to create consistency among brand associations. Brands that want to appear more mainstream can apply a conformity-based strategy, where stores purposefully look like traditional stores in non-stigmatised markets to ensure that customers are familiar with the space. Businesses can also invest in smart technology and install smart displays, quick and easy payment solutions and app development. Ultimately, each store needs well trained and educated staff and make customers feel safe at every point of engagement.

Online stores need to be user-friendly, visually presentable, and process payments and orders as soon as they are made to ensure on-time delivery. Every online correspondence with customers has to be helpful and attended to in a timely manner. There should be a drive to educate customers at every touch point, therefore brands should create educational content on their website.

Digital presence is particularly important despite the marketing restrictions. Brands should have at least one digital platform in which they are active, and where consumers can constantly engage with the brand. WhatsApp and Telegram can be leveraged as a customer service tool as they are easily accessible to the consumer for assistance with pre, during and after sales. Businesses with websites should invest in SEO marketing, particularly those who produce consistent educational content on their website (blogs). Brands will be able to drive 'free' traffic to their website from an organic search keyword strategy and publishing high-quality relevant content.

Deliberate cannabis marketing of the plant and products on social pages is restricted, thus businesses can publish content around their brand (identity, values, mission, reason to believe, etc.) as well as engage with audiences to build solid online communities. On social media, brands can publish content on cannabis education then drive people to their blogs to learn more, they can share important social or community initiatives, events, run competitions, and post polls to boost engagement. They can also feature testimonials, podcast soundbites and launch new or updated product designs.

Authenticity and personalisation drive brand trust. Creating distinct and personalised messaging that is tailored to consumer preferences, enhances brand-consumer relationships, and drives engagement as the

marketing messages will anticipate and attempt to meet consumers expectations. Brands can produce content targeted for specific audiences such as women, the elderly, professionals, pet parents, athletes etc. They can also add an offering on their menu that gives people the opportunity to create their own strains or choose what kind and flavour they want their edibles to be or create cannabis gift baskets for loved ones.

Loyalty programmes are effective for incentivising repeat purchase. However, if brands do not have or are unable to develop or setup a loyalty programme due to financial constraints, brands can offer discounts and sales to encourage people to make a purchase.

Imagery – how businesses can create positive associations through imagery.

Many participants attempt to create associations of professionalism to break the stigma of the lazy stoner. Brands aim to model the level or standard of professionalism based on non-stigmatised traditional businesses to distance themselves from stereotypical negative associations. They can do so by investing in corporate social initiatives in local or needy communities that align with brand values so it's more authentic. One of the participants supported local artists during lockdown and the other trains and supports rural farmers. Studies have shown that using CSR as a strategic tool can influence third-party perceptions of organisations operating in stigmatised environments as this signals that the organisation is willing to comply with socially endorsed practices (Hudson, 2008; Vergne, 2012). Moreover, the issuance or record of CSR reporting can be used as a defensive strategy intentional employed by stigmatised firms who attempt to lessen the impact of core stigmatisation (Grougiou et al, 2016). Therefore, cannabis brands can publish their CSI or sustainability efforts on their website, newsletters, and social media platforms to help create positive associations.

A couple of participants drew from the cultural and spiritual heritage and history of plant and apply that to how they connect with their customers online and in-person. This can elicit a spiritual or personal connection between the brand and its customers as it speaks to their identity.

Brand responses - How businesses can elicit appropriate brand responses.

The previous stages focused on how rands can build favourable and strong brand associations, whereas brand responses refer to how customers respond to the brand, other sources of information and its marketing activities (Keller, 2001). In a space where discretion is valued, it is less likely for stigmatised firms to predict how consumers will respond to certain initiatives and activities compared to non-stigmatised

firms. The cannabis market has had high levels of social disapproval over an extended period of time; hence consumers are likely to experience this disapproval due to stigma transfer. However, through messaging and communication, brands can attempt to reposition and elicit desired customer responses through emotional and psychological actions. *Brand responses* can be distinguished according to brand feelings and brand judgements, thus exploring whether cannabis brands live in the head and the heart of consumers.

The majority of participants promote a message of authenticity in their communications, followed by security, then social awareness and warmth. These messaging themes are relevant to the cannabis industry considering the negative evaluations of cannabis with regards to individuals' health, image, and the history of cannabis. Established stigma may have a significant effect on the individual's self-respect; thus, evaluations towards the cannabis industry cannot be changed solely by the internal activities of cannabis brands. Brands need to influence consumers psychologically and emotionally through careful image-crafting and creating positive brand experiences for consumers.

Participants expressed how they wanted their customers to feel and think of them at the end of each interaction. Based on their responses, the subsequent practical recommendations should be considered and applied to their internal and external brand strategy. Firms should demonstrate their competence and innovativeness to bolster their image as a credible brand. They can focus on the areas of perceived expertise, trustworthiness, and likeability. Brands can design programmes or develop educational videos or apps for customers who would like to learn about specific areas of the cannabis business or plant. They can also volunteer their time to assist parents who want their children to learn about safely consuming cannabis.

Cannabis businesses should have all their products tested as well as share that their products have been tested on the label and website. Brands can also build trust through collaborations by leveraging off another brands strength and reach within the community. This can be done by identifying and aligning the 'right' brand based on brand fit, available resources, assessing their values and measuring potential ROI. Brands can host events together, co-brand on a product and sell it at both stores, as well as publish thought-leadership pieces together.

Customers will respond well to a brand when they know it always has their best interests in mind by way of ensuring that they produce a safe product and exercise discretion. Most businesses, particularly the private clubs, require new customers to complete a needs analysis form to ensure that they meet the customers' needs and expectations. With this consumer information, brands can offer tailored product

packages to loyal customers based of their tastes and preferences or arrange that their products or medication be sent to their homes on a monthly basis for convenience.

At the end of each interaction, brands should send their customers a link to review their overall service experience, the product quality, and leave a comment. In this way, brands can trace a customer's entire journey and learn whether they are satisfied with the service. Moreover, they can use this information to create internal training programmes aimed at how best to satisfy customers, develop campaigns around what customers find meaningful and what they would resonate with.

Overall, customer service is the best way to build loyalty. Brands can achieve that by focusing on brand performance and imagery attributes in order to maintain solid positive and meaningful associations. Cannabis firms already use brand communications to evoke desired brand feelings from customers. Participants expressed how they want their customers to feel when engaging with the brand, and it is evident that brands try to establish an emotional connection through personal interactions and their communications through tone and messaging. Therefore, if brands want their customers to feel comfortable and safe when engaging them, they can position and induce those feelings psychologically through copy and imagery on their owned marketing platforms and well as with every personal engagement in-store or at events.

Brand relationships - how brands can develop brand relationships.

The final building block in the stigma-based brand-equity pyramid takes into consideration the relationship between the consumer and stigmatised organisation. Cannabis businesses and their consumers share similar stigma by way of their association with cannabis thus, cannabis brands have an opportunity to foster *attitudinal attachment*, and build a *sense of community* to enhance brand resonance. The study revealed that participants viewed their competitors and customers as a community, and given the negative evaluations of as a group, cannabis brands can develop a kinship with the community through branding initiatives such as organising events, tailoring product packages for consumers, rewarding loyalty through loyalty programmes and presenting fans with exclusive offers, and allowing a competitors branded products to be sold at a store to ensure reach and meet customers' demands. There is an opportunity for brands to utilise their collective stigma as a tool for building strong consumer-brand ties.

All cannabis businesses face the same stigma, thus an 'all in this together' approach to building and strengthening community ties with other cannabis businesses need to be applied. This sense of unity and

community will transfer to consumers. Businesses can facilitate opportunities for customers to have experiences with one another across brands through hosting events or providing affiliate cards with benefits to other stores.

Brands can invest in word of mouth (WOM) marketing to encourage referrals and boost brand trust. WOM marketing refers to the intentional influencing of organic discussions about the brand as a result of promotion or encouragement by the brand, otherwise known as seeding (Hayes, 2021). Brands can encourage WOM among consumers by exceeding expectations, providing information about a product, offering consumers new ways to share information about the brand, and directly engaging with customers through customer service. Social media-based customer service is especially valuable as it allows seamless sharing of information and promotion. As a result, create forums, Facebooks Groups, workshops, social media and community events to offer consumers experiences, direct information and create bonds, as well as provide consumers with the opportunity to engage with one another.

To strengthen bonds and encourage attitudinal attachments and active bonds, brands should celebrate milestones with customers as well as celebrate their customers milestones along with them. In this way, businesses will create personal relationships with customers. One of the participants shared that they send a gift to their consumers on their birthday or wedding – this gesture shows the consumer that they are family.

6 CHAPTER: CONCLUSION

6.1 INTRODUCTION

In February 2022, the President of South Africa announced that the government was ready to proceed with legalising and regulating the commercial recreational cannabis industry. In the following month, major changes to proposed legislation granting for a commercial recreational cannabis industry in South Africa were presented in parliament, enabling the government to continue its master plan for the sector (Harper, 2022). This announcement raises questions regarding the extent in which marketing will be permitted in the recreational cannabis market as well as the extent in which marketing regulations will be formalised for cannabis retailers operating in the recreational space. Although little is known about cannabis marketing and brand-building in a stigmatised environment, this study aimed to fill the knowledge gap by exploring how South African cannabis retailers can build brand equity in a stigmatised market, despite significant restrictions on their marketing efforts. The study presents branding theory to an organisational stigma context and has addressed the following secondary research objectives:

1. To explore how South African cannabis businesses can develop brand identity in a stigmatised industry.
2. To explore how South African cannabis businesses can develop brand meaning in a stigmatised industry.
3. To explore how South African cannabis businesses can develop brand responses in a stigmatised industry.
4. To explore how South African cannabis businesses can develop brand relationships in a stigmatised industry.

These research objectives were explored using a qualitative research design and conducted 17 in-depth interviews with cannabis business owners and marketers. Results were interpreted by applying the elements of Keller's (2001) customer-based brand equity model. As a result, an adapted CBBE model was introduced which accounted for industry characteristics unique to stigmatised organisations named the stigma-based brand equity model. The adapted model includes the addition of the *Industry* building block. Furthermore, the study also revealed the pervasiveness of education among participants and its significance to brand-building in a stigmatised industry. Results further demonstrated the overall effect stigma has on businesses and their consumers. Due to stigma transfer, the longstanding negative evaluations of cannabis has not only restricted brands from marketing but has also tainted the image of

the cannabis user. Therefore, cannabis firms, through stigma-bonding, can develop deep identity-related psychological bonds with their consumers that will potentially lead to strong brand resonance.

Additionally, the findings also revealed that majority of cannabis businesses utilised digital marketing (social media, SEO, and email marketing) to communicate their offering and engage with their customers despite the strict marketing regulations on various social platforms. Overall, the study addressed and provided recommendations of how firms can develop their brand identity, brand meaning, (build tangible and intangible brand associations); brand responses, (elicit appropriate brand responses), and brand relationships (Keller 2001).

6.2 LIMITATIONS

This research had several limitations that need to be considered. This is a cross-sectional study so the data collection period will be limited, and the findings will reflect the specifications of the current regulatory environment which may evolve over time. The study only focused on one stigmatised industry (cannabis) in one country (South Africa), thus the findings may not apply directly to other countries or stigmatised industries. In addition, a number of countries have regulated some form of cannabis use and have their own laws and regulations pertaining to marijuana sales and marketing (Morrissey, McCann, Torres & Whitney, 2019; Sriaranyakul, 2018). Therefore, the findings cannot be generalised. However, the findings may be extendable to branding in a similar or comparable context.

Cannabis is a considered contentious topic (University of Tübingen, 2020), especially amongst industry actors as they are directly impacted by the changes to cannabis regulations. Due to the sensitive nature of the subject, participants may have provided politically correct or socially desirable responses as a self-preservation technique. The researcher attempted to mitigate this by creating a safe interview space by reassuring the participants that their identities and participation would be kept confidential (Enslin, 2014).

Moreover, the sample size was small, comprising of 17 interviewees who had various offerings with the recreational cannabis market. Most businesses offered a mixed offering of CBD and THC products and therapeutic services and others specialised in growing offering equipment. There were only a few participants that strictly offered THC products. Moreover, inherent to the qualitative research paradigm, the findings may be subjective, and another researcher may reach different conclusions.

6.3 RECOMMENDATIONS FOR FURTHER RESEARCH

This study is the beginning of a much wider research scope to explore, such as investigating consumer psychology and behaviour in marketing, value creation in stigmatised markets, and learning how businesses contend and prevail with the various consequences of the negative evaluations.

Future research should explore whether these findings are consistent in other core-stigmatised markets that suffer similar limitations and penalties associated to product or service promotion. For example, the 'magic' mushrooms market would be interesting to explore whether similar brand-building tactics are applied, with the aim of achieving brand equity.

Although Keller's (2001) CBBE pyramid was a useful model for the objectives of this study, it did not account for the complexities of operating in a stigmatised industry. The findings of this study identified an opportunity to expand the existing model to include industry-specific characteristics when evaluating brand equity in stigmatised markets. Future studies are recommended to test the validity of the adapted model in stigmatised markets.

Another opportunity for further research is on the topic of grey-market marketing or exploring potential marketing and branding strategies in stigmatised markets such as the tobacco – grey market goods and services may be legal in different markets and may have different marketing strategies. Although marketing in a grey or stigmatised market has limited or unclear regulations with aggressive penalties or social shame associated with marketing the business, promotional and brand-building efforts should not be ignored in these spaces. There is very little understanding or knowledge of the marketing process in grey or stigmatised markets in academic literature, either relating to how to navigate or apply strategies or frameworks to achieve desired results or the role marketing plays in the firm's overall development.

This research has shown that marketing in a stigmatised market should apply adaptive strategies in regulation-constrained markets and that it goes beyond providing freebies and brand exposure – it's about serviceability and education.

Furthermore, future studies can explore a different research methodology to test the theoretical validity and reliability to develop a sound body of knowledge and theory. The stigma-based brand equity model should be tested against other industrial and regulatory contexts or the use of other equity models such as Aaker's brand equity model (1991), the Brand Asset Valuator (BAV) model or the Brandz model can be explored. For example, such a test could expand the investigation of cannabis marketing to more countries

with different regulatory standards, in order to determine which regulatory characteristics, affect a business's choice of marketing strategy. Other types of stigmatised market goods could be included to evaluate what characteristics affect the marketing of such products. Exploring and comparing the marketing strategies of firms participating in grey and stigmatised markets and in different countries would be insightful to further ensure validity and reliability.

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8 LIST OF APPENDICES

8.1 APPENDIX 1: Interview guide

General questions
1. How many years has your business been operational? 2. What's your role in the company? 3. How long have you worked in the cannabis industry? 4. How long have you worked in cannabis marketing? 5. What would you say makes cannabis marketing different from other consumer product or service strategies? 6. In your opinion, what is the typical cannabis consumer? *Possible follow-up question*: Describe your customers typical behavioural characteristics such as their buying patterns, preferences, tastes.
Brand identity
Brand salience: relates to aspects of brand awareness such as the customers' ability to identify brand elements, recall and recognise a brand.
7. How do you engage with your customers? *Possible follow-up questions*: How often do you interact with your customers? Do you have a social media presence (Facebook, Twitter, LinkedIn, Pinterest)? (If yes) What type of content do you publish? Which platforms are your customers most likely to engage with you? 8. With the existing marketing restrictions, how do you promote/market your business? 9. Do you educate your customers about your products and/or services (benefits, uses, strains)? 9.1 If yes, how do you educate your customers about your products and/or services? 10. Please name your top three competitors and explain why you consider them as your top competitors?
Brand meaning
Brand performance: relates to how the product attempts to satisfy the functional needs of a consumer.
11. How do you ensure that your customers are satisfied with your service? *Possible follow-up question*: How do you want your customers to feel when they engage with your brand (during and after the purchase)? 12. What would you consider as your unique selling point (USP)? 13. Do you offer any after-sales services such as handling returns, after purchase complaints or grievances, etc.?

14. Do you offer incentives for repeat purchase?

Possible follow-up question:
Do you reward repeat purchases (exclusive offerings or discounts)?

15. Name a few of the best-selling products in your business.

Possible follow-up question:
Why do you think your consumers frequently buy these products?

16. What kind of queries do you receive from consumers?
17. Do you find that consumers are purpose-driven in their purchases? (Intentional shoppers versus people who want to shop around and ask questions first).

Brand imagery: the intangible aspects of the brand. Relates to how the product attempts to meet the consumers' psychological or social needs.

18. What do you want your brand/business to be known for?
19. What do you believe is important when building a strong brand in the cannabis market?
20. Do you have any suggestions on how cannabis businesses can develop positive associations in the cannabis industry?

Brand response

Brand judgement: focuses on consumers' personal evaluations and opinions towards the brand by considering quality, credibility, consideration, and superiority.

21. Do you think there is a difference in how consumers perceive the quality of cannabis or cannabis infused products compared to their non-cannabis alternatives?
22. In this industry, are there specific ways or measures you take to boost your credibility?
23. Do you belong to an association or governing body?

Brand feeling: refers to the consumers emotional responses and reactions towards a brand in relation to themselves, the marketing and to others.

24. Which of the following feelings aligns with your messaging/communications: warmth, fun, excitement, authenticity, security, social approval, and self-respect?

Brand relationship

Brand resonance: refers to the intense psychological bonds' consumers have with a brand as well as the level of activity generated by this loyalty.

25. Do you encourage your customers to engage with one another (Facebook Group, events, etc.)?
26. Would you say that the level of engagement differs with consumers who belong to cannabis communities?

8.2 APPENDIX 2: Interview consent form

Building brand equity in a stigmatised market: A cannabis industry case study

Interview consent form

I extend an invitation to you to participate in a research study by Sibongile Masemola, a Master's student at the University of Cape Town. You were approached because you have insight into the cannabis retail market and the marketing limitations in this industry.

Participation is completely voluntary. You can choose to withdraw from the research any time. Participants are required to sign the consent form as an agreement to grant the researcher to conduct the interview – whether in-person, via a call or video call. The video recording feature will be disabled; however, audio will be recorded for data analysis purposes. You will not be required to supply any identifiable information ensuring anonymity of your responses – all data collected will be kept confidential.

Please sign this form to indicate your willingness to participate.

Title: Building brand equity in a stigmatised market: A cannabis industry case study

Research objective:

To explore how cannabis retailers can build brand equity in a stigmatised market, despite significant restrictions on marketing efforts.

Statement of ethics:

This research has been approved by the Commerce Faculty Ethics in Research Committee.

Contact information:

Researcher: Sibongile Masemola, msmsib009@myuct.ac.za, 079 896 3687

Supervisor: Nqobile Bundwini, nqobile.bundwini@uct.ac.za

Consent

I hereby consent voluntarily to participate in this study and am aware that the interview will be manually and digitally recorded.

-_____ _____

Signature of participant Date

_____ _____

Signature of interviewer Date

8.3 APPENDIX 3: Table of comparison of Aaker and Keller's brand equity models

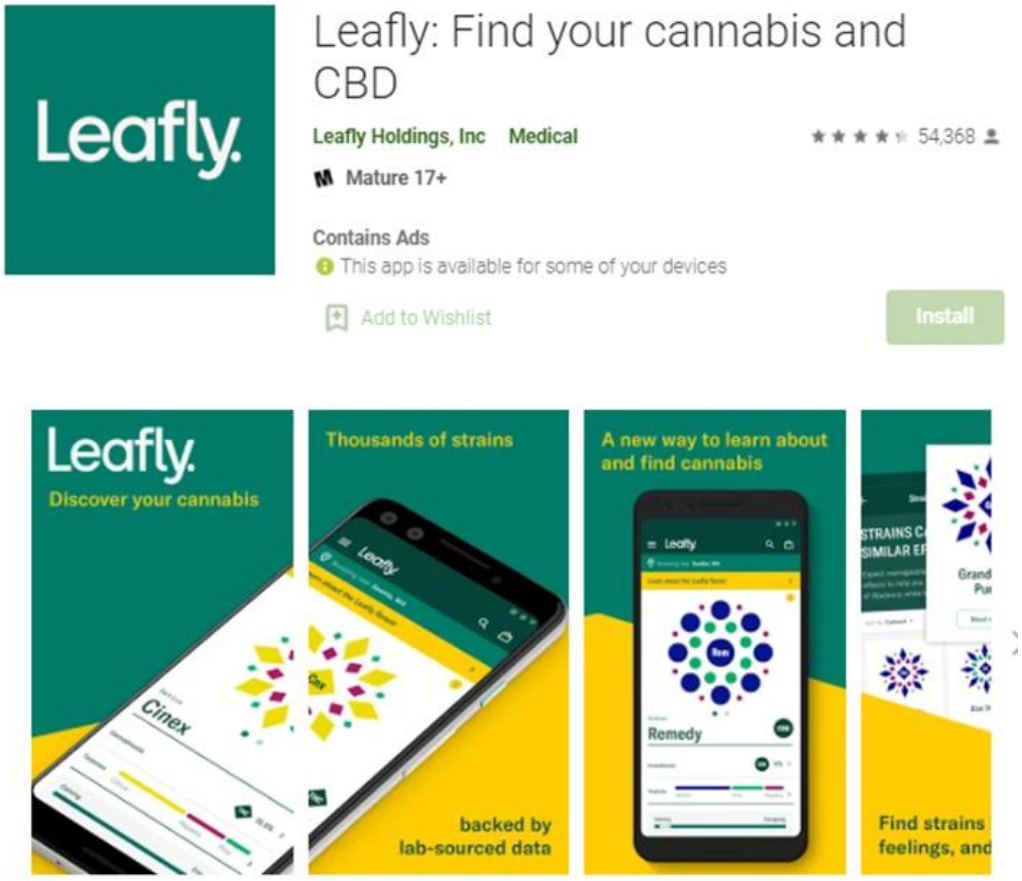
Aaker's brand equity model	Keller's customer-based brand equity model	Key comparisons
General		
Brand equity modelled from the consumer's perspective. Emphasises the benefits of brand equity to the firm and consumer.	Brand equity modelled from the consumer's perspective. Stronger focus on consumers and their brand knowledge structures.	Most dimensions and subdimensions correspond. Keller's theory is heavily concerned on creating an emotional response with the customer. While Aaker focuses on recognition and the source of its recognition. Keller's CBBE framework is based on a more detailed conceptual foundation. Aaker outlines general guidance for each dimension, while Keller suggests a sequential four-step process of building strong equity.
Displays various brand dimensions and indicates causal interrelatedness between them.	Includes distinct stages, corresponding objectives and subdimensions supporting each brand-building block.	
Brand dimensions on the same plane, allowing various points of entry to building brand equity.	Sequences the order in which the brand-building blocks relate – lower order building blocks are a prerequisite to higher order building blocks.	
Explicitly suggests means to create, maintain, and improve asset dimensions.		
Awareness/Salience		
Provides a hierarchical brand awareness pyramid with increasing importance from unawareness, brand recognition, brand recall to top of mind awareness.	Explicitly calls for brands to satisfy consumer needs.	Both authors views are customer oriented and emphasise the importance of brand awareness and associations.
Perceived quality/ Performance and Judgments		
Addresses the benefits of perceived quality to channel members.	Refers to the intrinsic and extrinsic properties of a product or service, including the ways the brand attempts to meet customers' needs.	Aaker's perceived quality asset dimension complements two of Keller's brand performance and judgments blocks.
Brand associations/ Imagery and Feelings:		
Provides eleven types of associations which helps consumers process and	Focuses on customers' personal opinions about the brand based on performance	Aaker's brand associations dimension complements two of Keller's brand-building

retrieve information in a specific manner.	and brand imagery associations. Brand feelings describe the customers' emotional reactions the brand evokes.	blocks: brand imagery and brand feelings. Brand associations are explained to support positioning strategy.
Loyalty/Relationships		
Discussion starts with brand loyalty.	Discussion ends with brand resonance, of which brand loyalty is a sub-dimension.	Aaker's brand loyalty dimension corresponds to Keller's brand resonance block. Aaker presents a hierarchy of loyalty levels and Keller arranges the brand resonance sub-dimensions in order of importance.
Brand loyalty can be influenced other dimensions, but brand loyalty can also occur independently from these dimensions.	Brand resonance is the result of all the other brand-building blocks.	
Brand loyalty can be considered a dimension of brand equity and an outcome of brand equity.	Brand loyalty and brand equity are distinct constructs. Loyalty is a subdimension of the CBBE pyramid and is a characteristic of strong brand equity.	
Other proprietary brand assets (patents, trademarks and channel relationships) are important from the firm's perspective.	Not included. The CBBE pyramid models brand equity from the consumer's perspective.	

(Moisescu, 2015; Steenkamp, 2016; Keller, 2008,2001; Aaker, 1991)

9 APPENDIX 4: LIST OF IMAGES

1. Image 1: Leafly app

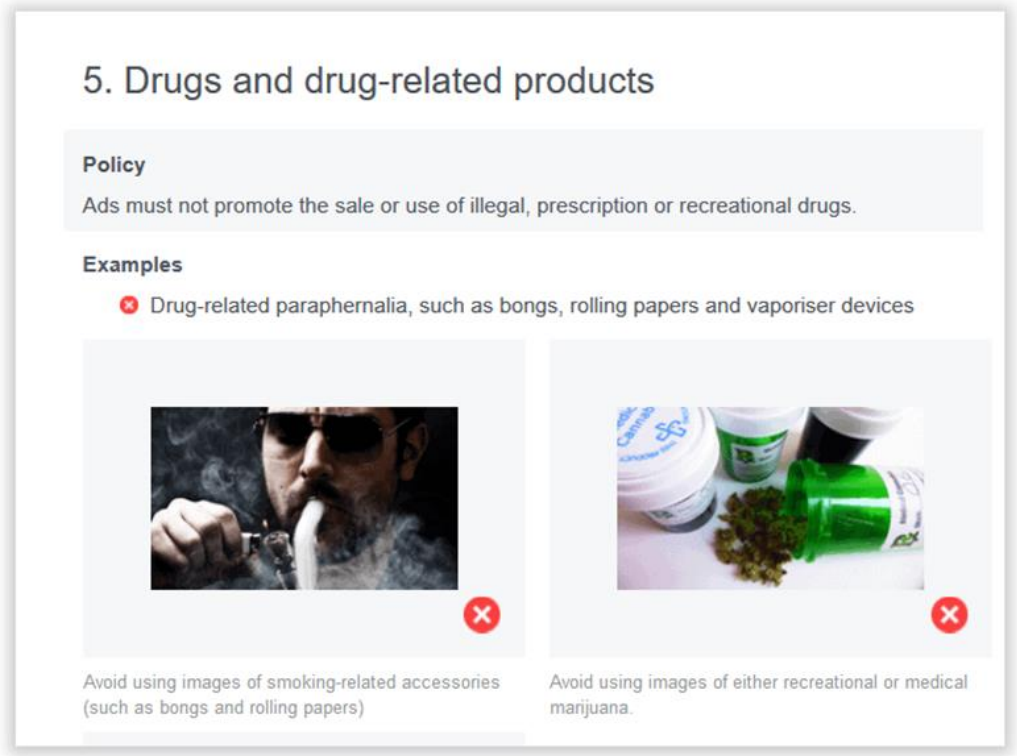


Source: Google Play Store (2021)

2. Image 2: MedMen billboard advertisement

Source: Parker (2018)

3. Image 3: Facebook policy guideline



Source: Barker (2020)

4. Image 4: Leafly's Instagram page

Source: Instagram (2021)

5. Image 5: MedMen's store layout

Source: Kirkland (2019)