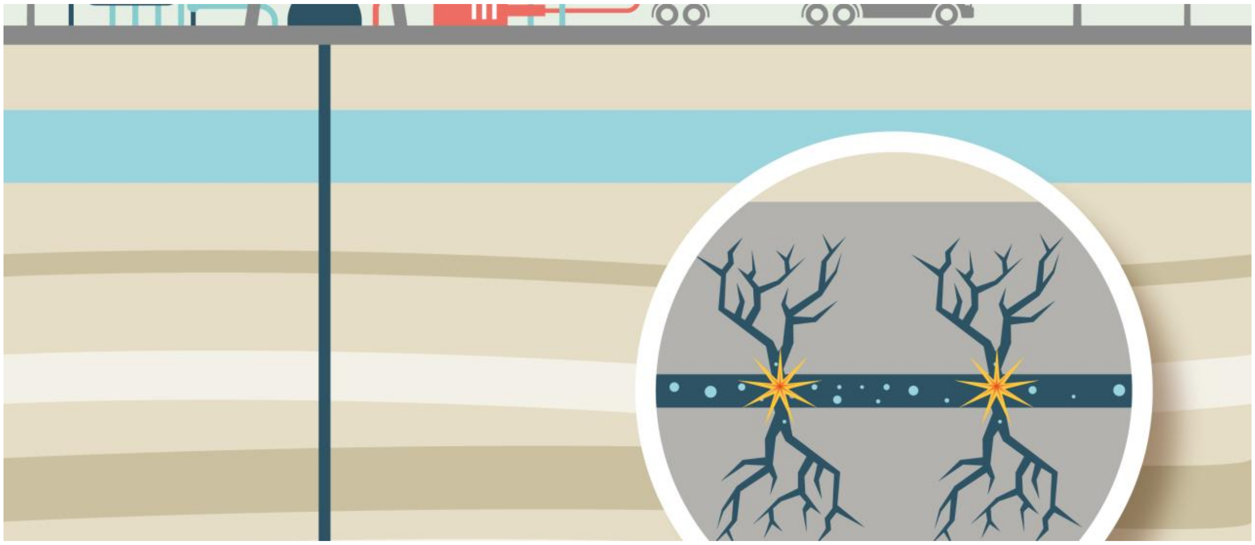
Growing a Brand in a Stigmatised Industry



By Amitava Chattopadhyay , INSEAD Professor of Marketing

The recreational cannabis industry holds lessons for building brands in an industry with negative associations.

A recent article in *Lift*, a cannabis news magazine, entitled **"Cannabis Brand Wars"** shed some light on the challenges of building a brand in a stigmatised or "underground" product category such as recreational cannabis. While recreational cannabis use may have become legal in several U.S. states (e.g. Colorado and Washington), and Canada may be considering the legalisation of recreational cannabis use, the product still carries negative associations and the image of recreational cannabis users is negative.

As such, building successful mainstream brands in this category and indeed moving the whole category mainstream poses special challenges.

This reminded me of parallels with the country-of-origin effect and a case I wrote several years ago on building the LG brand in the U.S. – the parallel between the cannabis industry and the LG brand at the time of its introduction in the U.S. in 2002 is that both are victims of negative stereotyping – Korean products were broadly perceived as second rate in the U.S. at the time, and LG, as a Korean brand, had to overcome this,

One of the key things that the LG brand did as it entered the U.S. market, aside from significant product innovations (detailed in **"LG Electronics Inc.: Making Waves in the North American Market for Washing Machines"**), was to copy key design features of European white goods, as European products were seen as aspirational and superior quality by consumers in the U.S. LG introduced front-loading machines which was typical of European washing machines (the U.S. brands typically featured top-loading machines which accounted for 90 percent of the washing machine market at the time). The styling was also deliberately and distinctively European. And, they called the washing machine line Tromm, a derivative of the German word for drum, *trommel*. Importantly, their research showed that the name sounded European.

These steps helped LG distance itself from its Korean roots and the negative stereotype associated with the category of "Korean products" at the time, and aligning with a category with positive associations among local U.S. consumers – "European products". LG washing machines, refrigerators, and the like, went on to become, to quote senior executives at LG with whom I spoke at the time, the "Mercedes Benz" of the white goods industry, commanding the highest average selling price and receiving top ratings from both **Consumer Reports** and the **JD Powers Consumer Satisfaction Survey** in the mid-2000s.

Replacing negative associations

What can we learn from this for brands in the cannabis industry? One way to overcome a negative stereotype is to strengthen the mental connections of the target category with a category that has positive associations.

In research I conducted on "part-list cuing", I showed that consumer memory retrieval can be affected by such approaches. In my paper **"The Effects of Part-List Cuing on Attribute Recall"**, I find that information provided to customers at the time of "retrieval" can inhibit their recall of well-known product attributes.

Some players in the cannabis industry are doing this. Thus, consider **KIVA Confections**, a brand that sells cannabis-infused confections. To enter their website one must indicate that one is over 18, drawing parallels with websites for alcoholic beverages, a mainstream and “legitimate” product category, in consumers’ minds. Moreover, KIVA’s product form is a confection and confectionery is a mainstream product category. Consuming chocolates does not have negative connotations and, if anything, current thinking suggests that cocoa butter is healthy. The consumption method itself also differs from the typical ingestion method associated with cannabis – smoking – which also has a negative connotation today, this further weakens the ties typically associated with the category.

The About Us page on their website opens with the sentence “KIVA Confections creates cannabis infused chocolate products and is one of the most recognised medical cannabis companies in California”, drawing links to the pharmaceutical industry, an industry that is both mainstream and important for consumer health and well-being, the latter being a counterpoint to the negative associations consumers might typically hold about cannabis and cannabis users. This association is strengthened with the mention in the last sentence of the section that KIVA products deliver “certified amounts of medicinal cannabis“. The verbal components are further strengthened through visual images that rotate through the top of the page, images that are reminiscent of the pharmaceutical industry and appear modern and professional.

The “Products” tab on the website leads to pictures of the products available, which are shown in exclusive looking packages reminiscent of high quality and gourmet products; these associations further reinforced by introducing them as “Artisan Confections”.

Collectively, such efforts are likely to create strong associations with product categories that are acceptable, legitimate, and mainstream. As these associations become stronger over repeated exposure, they are likely to not only be the first associations that are retrieved by consumers but they are also likely to crowd out the extant undesirable associations. Over time, as more brands adopt a similar strategy, albeit in a differentiated way, it would be reasonable to see a positive shift in consumers’ view of the cannabis category, its users and of the brands within the category.

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