

MARIJUANA GOES MAINSTREAM: THE EFFECT OF BRANDED VS. UNBRANDED PACKAGING ON CONSUMER RESPONSES

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ABSTRACT

As the legalization of marijuana products gains momentum in the United States, marijuana retailers and producers are turning to traditional marketing strategies to grab consumers' attention and differentiate their products. This study investigates consumer responses to branding cues for marijuana products. Respondents were randomly exposed to branded vs. unbranded edible and inhaled marijuana products. Consumers favored branded cues for edible marijuana products, but expressed more favorable evaluations for non-branded inhaled products.

INTRODUCTION

The marijuana market has been gaining momentum internationally and within the United States. Countries, such as Canada, Uruguay, and The Netherlands, have fully legalized cannabis use for recreational and medical use, while others, such as Argentina, Brazil, and Australia, have approved it for medical purposes [1]. In the United States, an increasing number of states have started to approve cannabis use either for medical or recreational purposes. While the possession and use of cannabis are still illegal under federal law, state-wide regulations allow consumers in 35 states, such as California, Nevada, Michigan, and Illinois, its purchase through designated dispensaries [2]. Dispensaries have increased the commercialization of marijuana products across the United States [3], and a number of cannabis brands (e.g., Cresco Labs) have been gaining the attention of trade press, such as AdAge.

In more developed markets such as in The Netherlands, coffee shops, which are a semi-legal venue for commercializing marijuana, have developed their own brands, which helps consumers differentiate their products from those of the competition. These brands have used attractive packaging to lure consumers, as well as sophisticated marketing techniques. These include store atmospherics, that is, the design elements of a store manipulated by retailers to create certain affective responses using non-verbal communication through the enrichment of the consumer's experience, with the intent to extend the current visit and future patronage [4].

The combination of the potential growth of marijuana marketing in the U.S. as the legalization movement continues across the country and the void in research on consumer responses to branded and unbranded cannabis products provide an ideal opportunity to investigate how U.S. consumers evaluate branded cannabis products as compared to unbranded alternatives. Yet, there is a dearth of research on marketing strategy using the marijuana industry as an empirical context [5]. The little research available focused on consumer-level problems such as addiction. Responding to Olsen and Smith's (2020) call for empirical research, this research tests whether generalizations observed in marketing research extend to an understudied industry.

Methods

This study used a 2 (cannabis product: branded vs. unbranded) x 2 (product category: inhaled vs. edible products) mixed factorial design with repeated measures on the product category. Participants were randomly assigned to one of the two between-subject conditions to view either three branded cannabis products or three unbranded products. The study recruited 605 participants from Amazon Mechanical Turk. Panel members had to be at least 21 years old to be eligible to participate in this study. The final sample consists of 435 responses. The survey was administered via Qualtrics. Respondents agreed to participate in the research study per study approval by IRB. Following, they reported on measures related to brand attachment and marijuana use. Respondents were randomly assigned to a condition where they were exposed to three branded or unbranded cannabis products. The three products were a jar with marijuana buds, a cannabis cigarette or "joint," and a marijuana-infused chocolate bar. After each image, respondents answered questions pertaining to the dependent variables. Demographic data were collected following presentation of the products and all other measures. Upon successful completion, respondents were compensated through the panel administrator.

Results

Significant interactions of edible compared to inhaled products, and branded versus unbranded products, were found for product attitude ($F = 4.56, p = .033$) and purchase intention (PI) ($F = 5.46, p = .020$), but not for product trust or willingness to pay for the product. Specifically, consumers expressed more favorable product attitudes and stronger purchase intent for unbranded products in the inhaled product category. For the edible product category, consumers reported similar levels of product attitudes and purchase intentions between the branded vs. unbranded products.

Product attitude partially mediated the relationship between product trust and purchase intention ($\beta_{PAAtt} = .63, SE = .06, t = 10.10, p < .001$), and also between product trust and money willing to pay ($\beta_{PAAtt} = .23, SE = .07, t = 3.48, p < .001$). However, for edibles, product attitude only partially mediated the relationship between product trust and purchase intention ($\beta_{PAAtt} = .62, SE = .07, t = 9.13, p < .001$), but not for product trust and willingness to pay ($\beta_{PAAtt} = .02, SE = .06, t = .27, p = .790$).

Conclusions and Future Research

While we used foreign brands to dissipate familiarity concerns, results could have been more pronounced if real and locally available brands were used as stimuli. Also, we used three products that, although common in the market, they are not an exhaustive representation of cannabis products available in the marketplace. Future studies should provide a glimpse of the effect of branding cues on products vapers and marijuana concentrates.

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