WINNING CROSS-SELLING AND UPSELLING STRATEGIES WITH BASKET ANALYTICS

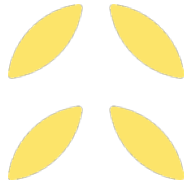Rick Maturo| Director Professional Services
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PROVIDING THE COMPLETE VIEW OF THE CANNABINOID MARKET OF TODAY AND TOMORROW

RETAIL SALES TRACKING
Know exactly what is selling where, when, and at what price point

CONSUMER INSIGHTS
Understand consumer (and non-consumer) segments, sizing, behavior, consumption patterns, purchase habits, and more

MARKET FORECASTS
Gain a comprehensive understanding of market size and future opportunity

WHY BASKETS?

WHAT CAN BASKET ANALYTICS ANSWER FOR YOU?

Key Actionable Data-Driven Solutions

- Sell-In Support to get your product / additional SKUS in the store

- Sell-In Support for a new product innovation

- White Space Identification

- Optimized Shelf-Assortment for retailers

- Optimized Shelf-Assortment for manufacturers

- Uncover Cross-Merchandising Opportunities

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USE CASE: EDIBLE BRAND

USE CASE: EDIBLE BRAND SELL-IN SUPPORT TO GET PRODUCT / ADDITIONAL SKUS IN THE STORE

MY GOAL AND CHALLENGES ARE:

GOAL: Get additional buy-in for edibles and position our brand as key player within the edible category at retail

(1)

CHALLENGE: The retailer isn't convinced they need to put a lot of effort into edibles, more focused on flower and vape merchandising

☑

BASKET SOLUTION:
Confirm that edibles provide considerable contribution to a store's sales and have an additional role of driving multi-category baskets and tend to be non-cannibalistic as compared to flower and vape

(2)

CHALLENGE: Retailers believe that because edibles are priced lower their basket value isn't that great

☑

BASKET SOLUTION:
Show a retailer edibles (the category your brand is in) drives high basket values compared to flower, concentrates, other categories

(3)

CHALLENGE: Retailer isn't sure our company / brand is the right fit for them

☑

BASKET SOLUTION:
Show category thought leadership that as a brand manager I can help their store with the edibles category, while also showing that even though I'm not within the top few brands, I'm a large brand and have value b/c I drive larger basket value

USE CASE: EDIBLE BRAND SELL-IN SUPPORT TO GET PRODUCT / ADDITIONAL SKUS IN THE STORE

L2 Category Basket Overview

Category	Baskets Per Store Per Day	Items Per Basket		# Items / day w/ Item in basket
Flower	177		1.42	252
Shake/Trim/Lite	22		1.13	25
Concentrates	201		1.59	320
Topicals	3		1.32	4
Edibles	143		2.02	289
Sublinguals	3		1.17	3
Pre-Rolled	111		1.45	162
Grow Supplies	1		1	1
Other Cannabis	6		1.32	8
Devices	29		1.18	34
Non Infused Food	2		1.18	2
Accessories	9		1.08	10
Apparel	7		1.02	7
Grand Total	488		2.26	

Baskets where edibles are present generate more daily items sold than when Flower is present and achieve 91% of the items when Concentrates are present

GreenEdge® Screenshot

USE CASE: EDIBLE BRAND SELL-IN SUPPORT TO GET PRODUCT / ADDITIONAL SKUS IN THE STORE

L2 Category Basket Overview

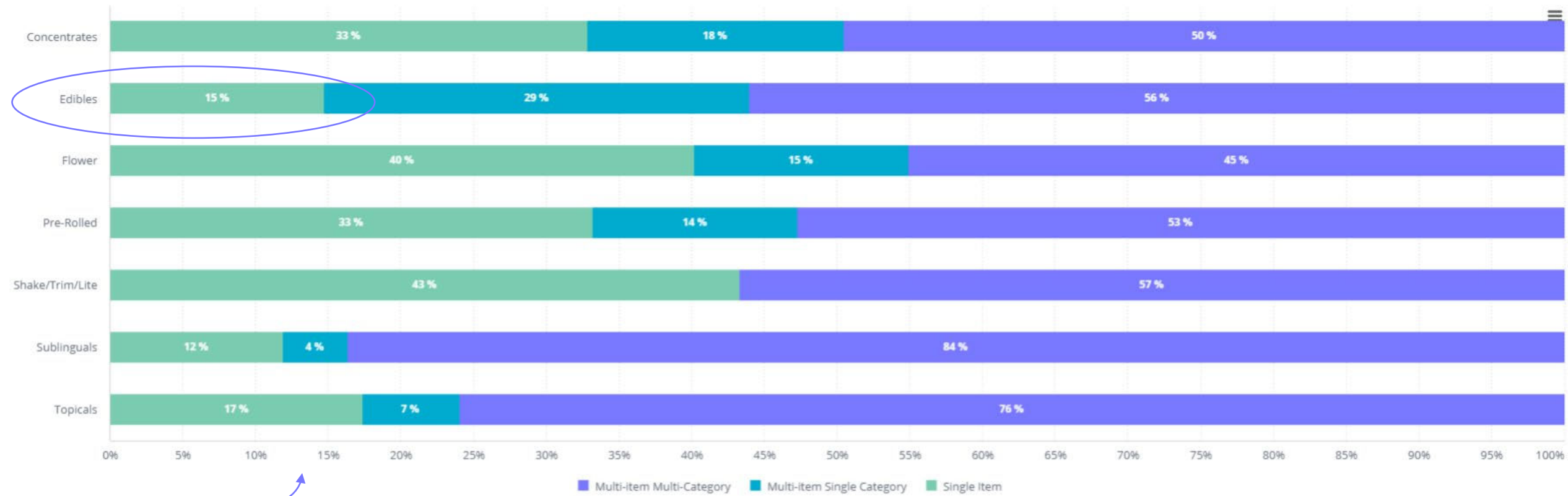| Category	Average Retail Price Per Item	Basket Size	Incremental Item(s) Dollars
Flower	$55.47	$78.98	$23.50
Shake/Trim/Lite	$61.59	$69.92	$8.33
Concentrates	$42.75	$68.94	$26.19
Topicals	$35.20	$47.35	$12.15
Edibles	$21.65	$44.61	$22.96
Sublinguals	$33.20	$39.56	$6.35
Pre-Rolled	$22.23	$32.70	$10.47
Grow Supplies	$13.92	$13.92	$0.00
Other Cannabis	$9.14	$12.27	$3.13
Devices	$9.44	$11.23	$1.80
Non Infused Food	$6.53	$7.69	$1.16
Accessories	$3.71	$4.03	$0.33
Apparel	$3.49	$3.55	$0.06
Grand Total	$35.83	$81.75	

...and despite a lower ARP than Concentrates and Flower, Edible baskets drive a comparable incremental dollars from additional item(s) in the basket as Flower and Concentrates

GreenEdge® Screenshot

USE CASE: EDIBLE BRAND SELL-IN SUPPORT TO GET PRODUCT / ADDITIONAL SKUS IN THE STORE

Edibles are also advantageous for retailers' basket building and cross-category promotion considerations – 85% of Edible baskets contain multiple items and most often an additional item from a non-edible category, whereas Flower and Concentrates are more likely to be exclusive items in a basket; this also conveys edibles are non-cannibalistic category

% of Category Transactions

Category	Single Item	Multi-item Single Category	Multi-item Multi-Category
Concentrates	33 %	18 %	50 %
Edibles	15 %	29 %	56 %
Flower	40 %	15 %	45 %
Pre-Rolled	33 %	14 %	53 %
Shake/Trim/Lite	43 %		57 %
Sublinguals	12 %	4 %	84 %
Topicals	17 %	7 %	76 %

■ Multi-item Multi-Category   ■ Multi-item Single Category   ■ Single Item

GreenEdge® Screenshot

USE CASE: EDIBLE BRAND SELL-IN SUPPORT TO GET PRODUCT / ADDITIONAL SKUS IN THE STORE

Edibles are also good basket builders because they generate a larger percentage of non-cannibalized incremental dollars when they're in the basket relative to Flower, Concentrates, and other categories – more than half of the dollars in Edibles baskets come from additional item(s) beyond the first edible product.
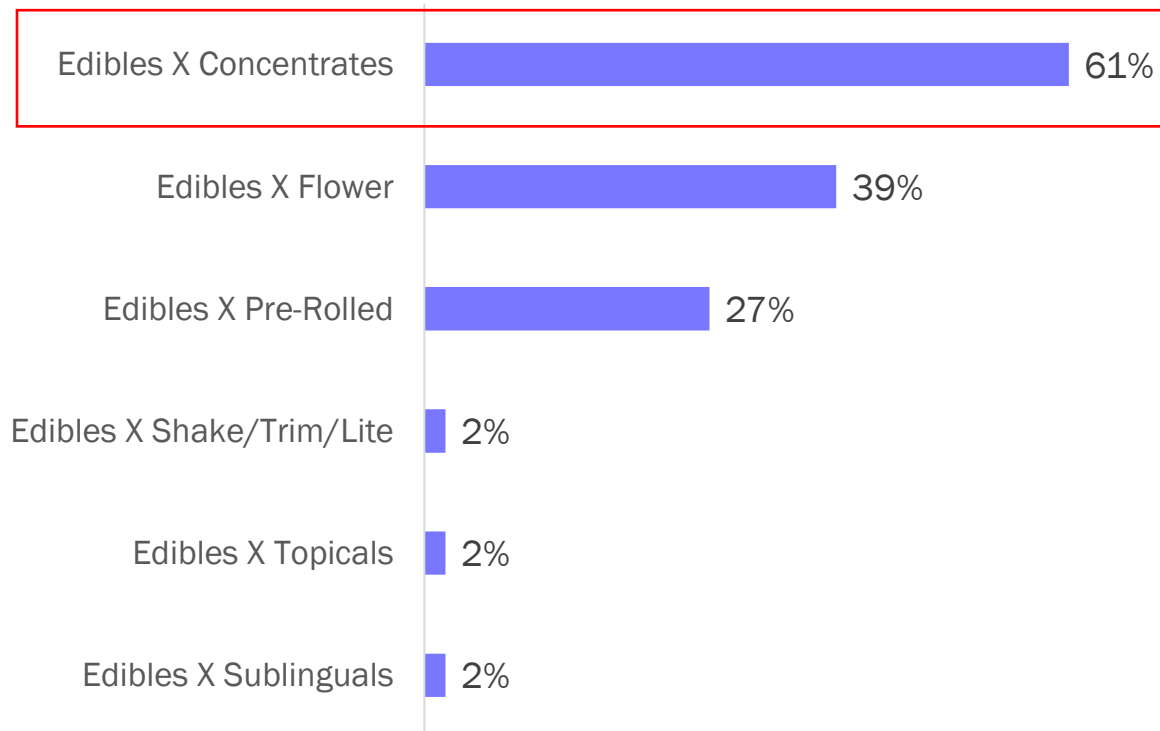
	Incremental Dollars per Day from Additional items (note can be same category)	Non-Cannibalized Incremental Dollars from Baskets
Edibles	**$3,283.28**	**51%**
Concentrates	$5,264.19	38%
Flower	$4,159.50	30%

Despite, concentrates and flower baskets bringing in ~$14K per day and edibles only bringing ~$6.4K, ~50% of the size, the incremental dollars brought in by an edible basket is ~80% of what flower incrementally brings in and ~65% of what concentrates incrementally bring in, demonstrating edibles' ability to bring in more incremental dollars than would be expected
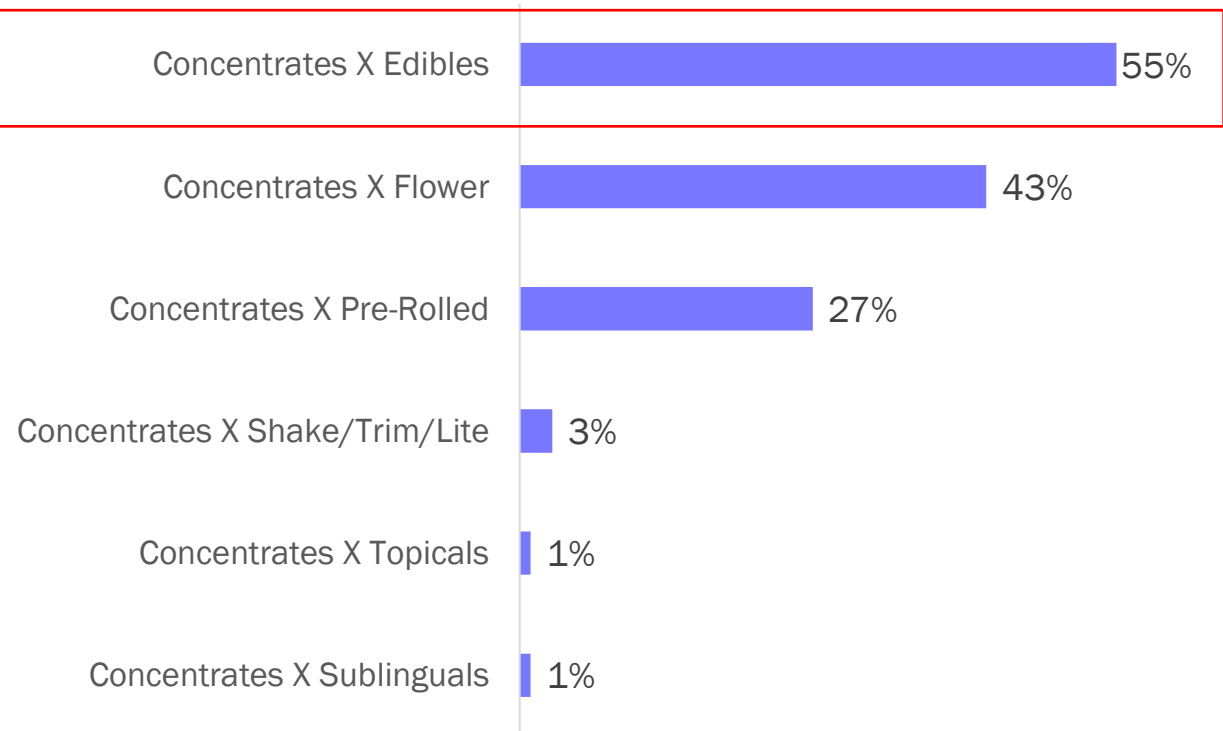
USE CASE: EDIBLE BRAND SELL-IN SUPPORT TO GET PRODUCT / ADDITIONAL SKUS IN THE STORE

When using edibles as a loss-leader or to drive additional category purchases, concentrates represent the most frequent interaction which is a critical consideration for cross-merchandising, cross-promotion, and (depending on the physical footprint of the retailer) placement in the store.

Cross-Category Basket Incidence: Edibles

Category	Value
Edibles X Concentrates	61%
Edibles X Flower	39%
Edibles X Pre-Rolled	27%
Edibles X Shake/Trim/Lite	2%
Edibles X Topicals	2%
Edibles X Sublinguals	2%

Cross-Category Basket Incidence: Concentrates

Category	Value
Concentrates X Edibles	55%
Concentrates X Flower	43%
Concentrates X Pre-Rolled	27%
Concentrates X Shake/Trim/Lite	3%
Concentrates X Topicals	1%
Concentrates X Sublinguals	1%

USE CASE: EDIBLE BRAND SELL-IN SUPPORT TO GET PRODUCT / ADDITIONAL SKUS IN THE STORE
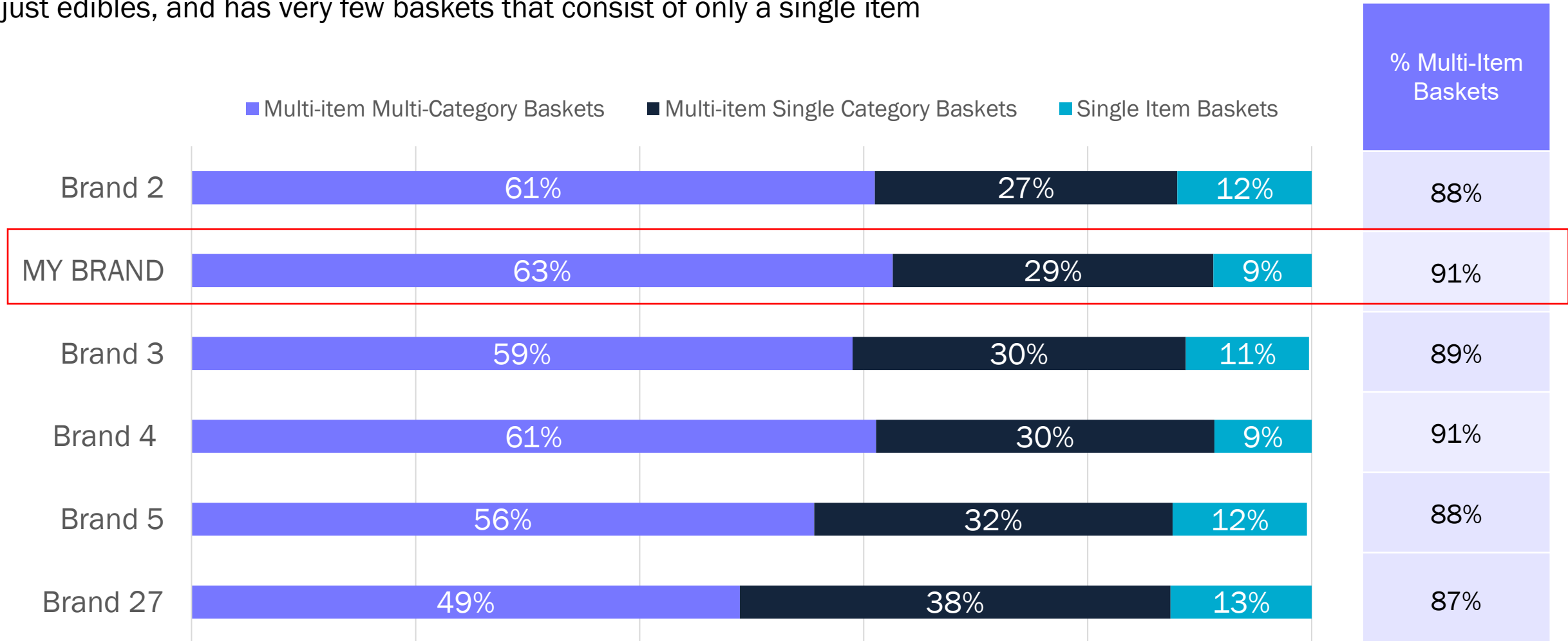
We've shown how the edibles category is advantageous to retailers for a variety of reasons, but we can also demonstrate that our brand is a great fit

Brand	Basket Size	ARP - Weighted	# of Baskets	Incremental Dollars	Incremental Dollars from Basket
MY BRAND	$33.03	$19.04	119,365	$14.00	**42%**
Brand 2	$35.95	$21.58	28,875	$14.37	40%
Brand 3	$28.12	$17.06	15,088	$11.06	39%
Brand 4	$32.77	$20.73	144,078	$12.04	37%
Brand 5	$38.85	$24.87	236,439	$13.97	36%
Brand 27	$8.11	$7.20	474	$0.91	11%

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My brand is the most advantageous in that it tends to bring baskets that have more categories than just edibles, and has very few baskets that consist of only a single item

	Multi-item Multi-Category Baskets	Multi-item Single Category Baskets	Single Item Baskets	% Multi-Item Baskets
Brand 2	61%	27%	12%	88%
MY BRAND	63%	29%	9%	91%
Brand 3	59%	30%	11%	89%
Brand 4	61%	30%	9%	91%
Brand 5	56%	32%	12%	88%
Brand 27	49%	38%	13%	87%

SO WHY BASKETS WITH BDSA?

- Robust basket analysis that covers the hierarchy down to individual Brand Houses, Brands, and even SKUs

- Provides flexibility and customization via BDSA's GreenEdge platform

- Provides a modular approach to basket analyses grouping key basket metrics into actionable and logical use cases

- Special custom basket work available through Professional Services to provide a full spectrum basket solution

- Available Now! Want to learn more contact info@BDSA.com or your dedicated BDSA salesperson

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