

# THE RISE OF CANNABIS ANALYTICS

Five years ago, cannabis analytics firms didn't exist. Now there are eight major analytics companies across the United States. By showing manufacturers and retailers what products are hot and who is buying them, analytics companies create a larger view of the cannabis-buying customer base. They pore over daily sales data to find trends that help businesses perform more efficiently.

"In our experience, cannabis businesses are just starting to realize the true power and value of their business data," said Henry Finkelstein, CEO of Denver-based Cannabis Big Data. Too often, businesses only focus on their retail sales data, which Finkelstein says is just one piece of the puzzle.

"Younger businesses, or more inexperienced owners definitely need to 'see-it-to-believe-it' that data can empower their teams to make the right business decisions that improve profitability," said Finkelstein.

Colorado-based BDS Analytics literally tells manufacturers what to produce. In a 2018 whitepaper titled "What Should a Cannabis Business Create?" co-founder and CEO Roy Bingham cites concentrates as the fastest growing sales category, "far surpassing flower, topicals, and edibles in terms of sales expansion."

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**Henry Finkelstein, CEO, Cannabis Big Data**

The BDS report goes beyond recommendations to profile habits of the typical concentrate buyer in California, Oregon, Colorado and Arizona. "At 37 percent, less than half have college degrees; 67 percent are employed, and 78 percent use concentrates for recreational purposes," says the report.

But are dispensaries buying in? "We know about BDS, but our regular point-of-purchase software already provides information on that," said Tommy Pawlowski, manager at Sacramento's All About Wellness dispensary. "We've had our own data for some time." Pawlowski said that eventually everything sells. "If not, we can discount it to sell it, then not re-order."

For larger companies, analytics is a must. Because the industry is maturing, more experienced executives from outside industries have entered the scene.



A whitepaper from Colorado-based BDS Analytics titled "What Should A Cannabis Business Create?" points to the growth of concentrates.

"Those players are expecting the enterprise reports and analytics they were used to in their other jobs," said Finkelstein. "Plus, the rapid acceleration of M&A [mergers and acquisitions] activity means that data is more important than ever."

The black market remains one area where analytics firms cannot acquire reliable data, making it difficult for regulated businesses to assess their competition. "While estimating the size and composition of sales within the illicit market remains challenging," said Greg Shoenfeld, BDS Analytics' VP of Operations, "one can be certain that as long as pricing in regulated dispensaries remains high, an illicit market will continue to challenge licensed operators and the state."



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