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The Green Rush

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Introduction:

Hemp, Cannabis, Weed, Marijuana, Pot, Bud, Reefer, Grass…the nicknames go on and on, but how did a plant that was once widely accepted become a Schedule I substance according to the United States Federal Government? In order to fully understand this question, we must first look at the history of hemp from its origins in 8,000 BCE to present day. This information will allow us to better understand the history of cannabis and how it has shaped the landscape for the growing cannabis industry today.

Early History of Hemp:

The first traces of hemp go back to roughly 8,000 BCE. Archaeologists found traces of hemp in modern day China and Taiwan, where they believe people used hemp for pottery, food, and natural medicine (History of Hemp). The next major hemp findings are from 2,000 BCE- 800 BCE, in one of the Hindu sacred texts, Atharvaveda (Science of Charms) listed hemp as “Sacred Grass”, which was to be considered one of the five sacred plants in India. For 500 years, we see hemp continue to spread throughout Asia and Europe (History of Hemp). A hemp rope was found in southern Russia in 600BCE and one hundred years later a jar of hemp seeds and leaves were found in Germany. In the 850s Vikings used hemp for sails and clothing and brought the seeds with them to spread throughout Iceland (History of Hemp).

Across the pond in the 1600s, British government officials encouraged colonial farmers to produce hemp (History of Hemp). The hemp was grown with low levels of the psychoactive ingredient THC, but the extremely fibrous, rapidly growing plant played a major role in the production of rope, sails, clothing and paper. This hemp textile was crucial to the success of the British and Spanish empires, and in 1619, the Virginia Assembly passed a law requiring all farmers to grow it because the demand was so high (History of Hemp).

Hemps Role in Shaping America:

With the continuing growth in the Americas, officials were becoming less and less interested in being controlled by the British Government. In December 1773, the Sons of Liberty in Boston and demonstrators alike, boarded the British ships that arrived in harbor and threw the chests of tea into the Boston Harbor. This was to protest British Parliament's tax on tea, because they believed it violated their right as Englishmen to "no taxation without representation". This event played a major role in the formation of the Declaration of Independence in 1776. United States founders, such as George Washington, Benjamin Franklin and Abraham Lincoln are noted throughout history to grow hemp on their farms. In addition, early drafts of the Declaration of Independence were written on hemp paper, before the final draft was written on lamb skin.

The twentieth century brought immense change to the production of hemp. In 1916, the USDA published findings showing hemp produces four times more paper per acre than tress. Studies were showing the positive impact the hemp plant had on so many different aspects. A few years later in 1937, the Marijuana Tax Act placed tax on all cannabis sales, including hemp, which heavily discouraged the production of hemp. Despite this taxation, Popular Mechanics magazine wrote an article in their 1938 issue talking about how hemp could be used to help make over 25,000 different products.

This led to Henry Ford testing out an experimental car body made with hemp fiber, which was considered to be ten times stronger than steel in 1942.

In 1969, the 37th President of the United States of America, Richard Nixon, took office. President Nixon played a huge role in the anti-drugs efforts in America, and in 1970 Congress passed the Controlled Substances Act which created various legal categories, or “schedules”, for different variations of drugs depending on their perceived public threat. A drug’s “schedule” sets the framework for the federal regulation of a controlled substance (Lopez 2018). Schedule 1 includes drugs considered to have no medicinal benefit and the highest potential for abuse, examples include: heroin, LSD, and cannabis (Lopez 2018). Schedule 2-5 drugs all are considered to have some medicinal benefit but differ in ranking depending on their potential for abuse. Schedule 2 substances are considered to have medical value with high potential for abuse. Some examples of Schedule 2 drugs include: cocaine, meth, Adderall, Vicodin, and oxycodone (Lopez 2018).

Schedules of drugs determine the ability to perform research on the drugs for their current and potential medicinal properties (Lopez 2018). The DEA sets strict limits on the production and research of Schedule 1 and Schedule 2 drugs. Currently, there is only one place in the United States permitted to grow cannabis under federal regulations for research purposes, this is located at a farm on the University of Mississippi’s campus. To compare, there are several private companies allowed to produce drugs such as oxycodone, a Schedule 2 substance, and are able to sell these drugs for prescription use (Lopez 2018).

The DEA considering cannabis as a Schedule 1 substance, does not only interfere with research and production limits, but it also makes it very difficult for companies to open within the cannabis industry. A major issue being faced by many cannabis dispensaries, is their over-stock of cash on hand. A drugs schedule can interfere with state laws, and many owners are being rejected from banks to open accounts because of the Schedule 1 status cannabis holds with the Federal Government, even though in states like Colorado and Washington the businesses are legal under state law. Federal law also bans businesses from deducting many expenses related to the transportation costs associated with schedule 1 and 2 substances. This could cause state-legal marijuana businesses' income tax rates to be as high as 90 percent.

Cannabis Becoming Mainstream:

Currently, in the United States, recreational and medical cannabis use is permitted in 10 states; medical use only is permitted in 21 states; medical use is illegal in 3 states, and the remaining states have yet to create a medical-marijuana program. Though the cannabis movement has been creating large amounts of buzz within the past few years, California has been leading the way to legalized weed since 1992. San Francisco was the first city to legalize marijuana for medical use, and four years later, the citizens of California passed Proposition 215, which legalized the use and sale of marijuana for medical purposes. Though cannabis took a seat on the backburner for over a decade after that, Governor Schwarzenegger passed SB 1449 in 2010 stating that anyone in possession of less than an ounce of marijuana would be a misdemeanor by the state of California. In 2016, Proposition 64 was voted into law, making marijuana use for anyone over the age of 21 legal. Though voters legalized cannabis use in 2016, the law did not go into effect until January 1, 2018.

The “Green Rush” is a term used to describe the flourishing marijuana industry in the United States and Canada. The Green Rush represents the expansion of dispensaries, the sales of smoking accessories, and things outside the scope of the plant including marijuana related stocks and bonds, in addition to trade shows and business convergences. Many accredit the most recent cannabis boom to the legalization of recreational cannabis in Colorado in 2012, because later in that same year Massachusetts voters passed a bill for recreational marijuana and Washington state passed Initiative 502, legalizing recreational marijuana. A few short months later in 2013, President Barack Obama’s administration issued the “Cole memo” to federal prosecutors to limit their intervention in states with legalized cannabis. That year Illinois and New Hampshire legalized medicinal marijuana. This memo created momentum with other states to begin to look into passing medical and recreational bills due to less fear of interference by Federal prosecutors.

The legalization of cannabis in the United States has led to immense growth of job opportunities, increased tax revenue to the states, and a multitude of entrepreneurs to come up with new ideas and products. In an article written by the American Cannabis Company, it is stated “in 2016, people in North America spent an estimated $6.7 billion on legal cannabis and nearly $9 billion in 2017” (Westword 2018). Currently, one in five Americans are using some form of legal cannabis and these numbers continue to grow with every new state legalizing cannabis (Westword 2018). This trend of states following in the legalization of marijuana has experts saying the cannabis industry could generate almost $23 billion dollars by 2021, which is a 21% growth rate per year. These numbers continue to shock the masses of the United States, yet the Federal Government still considers Cannabis to be a Schedule 1 drug.

On November 21, 2019 strides were made in the right direction when the House Judiciary Committee approved a bill that legalizes marijuana on the federal level and removes it from being considered a Schedule 1 substance (Lovelace 2019). This legislation would allow states to enact their own policies and gives them incentives to clear criminal records of people with low-level cannabis charges (Lovelace 2019). Though companies are seeing their sales continue to grow, due to the high demand for the product and limited selection of store fronts to get their product, companies can soon see a shift in sales once more competition becomes available. Marketing in cannabis is essentially non-existent due to the amount of restrictions placed on marketing companies by the Federal and State governments. With these restrictions, companies are searching for creative ways to advertise their company, without cannabis imagery. The following paragraphs will give the reader a more in-depth look into the cannabis industry and marketing today.

Cannabis and Marketing Today:

With the growing number of states legalizing Medicinal and Recreational Cannabis use in America, there is a growing concern for how it should be marketed. Since cannabis is not yet regulated by the government, each state has its own rules and regulations for how marijuana can be marketed.

With the cannabis industry growing exponentially within such a short time, state governments are playing catch-up when it comes to how to regulate not only the sale of the plant, but the advertisement of it as well. In the state of California, recreational marijuana has not been legal for a year yet, and the state has already experienced the benefits, such as increase tax revenues which has led to more money going towards state funded senior programs, opioid epidemic, veteran's issues, and infrastructure improvement (NBC). Despite these major improvements, the Federal Government has yet to legalize marijuana in the United States, which leaves individual states to regulate things such as marketing (Speights 2018).

Digital marketing has become the most widely used form of marketing and has shown great benefit to many companies throughout the country (NBC). With the low costs of advertising online, and social media platforms companies have been able to take off overnight. Despite this amazing tool, cannabis companies cannot use this form of media to market to consumers. Marijuana is legal on a state by state basis, and although it is legal for anyone over the age of 21 in California, people can still be arrested or prosecuted by federal law (NBC). The FCC is in charge of regulating broadcasters, broadcast TV and radio, and therefore these forms of media are off limits for cannabis related ads. In addition, cannabis ads are banned from digital media sites such as Facebook, Instagram, and Google AdWords for the use of promoting the sale of cannabis. Companies can still promote their products on sites such as Instagram and Facebook, they just cannot promote sales. This is a major detail for cannabis companies because they can still promote their product and tell the story about how their company started, and the growth their company has experienced, they just cannot advertise where their products can be purchased, and for what price (NBC).

As for print media, there are a few simple guidelines to keep in mind, before creating an add. One guideline being, the primary audience must be 21+; in order to stay within state guidelines, audience composition requires to ensure 80% or more of the audience exposed to the ads are over the age of 21. This requirement is measured by MRI/Geopath and other available third-party sources. Another regulation is advertisements must abide by line-of-sight and distance, meaning cannabis ads cannot be placed within 500 feet of any established park, playground, K-12 school, alcohol and drug treatment facility or daycare facility. This is a regulation companies need to be especially careful of, because ads such as billboards are a great form of advertisement, however companies need to be cautious with placement considering the above rules. Though the billboard may be facing towards a highway, it could still run the risk of being in the line-of-sight of a restricted area such as a park or school.

Another regulation states that advertisements much not show cannabis products or use. Meaning, the ads may not utilize cannabis posted in any form, such as: smoked, vaped, or eaten. With that in mind, advertisements are limited to including only establishments name, hours, directions, ratings, and inventory availability. This proves a great inconvenience considering cannabis is all about variety. There are so many different strains, and ways in which to take in the plant, that by limiting the ads to not include the product, people are left to wonder what types of cannabis a certain store may sell, or even what brands and pricing they offer. Lastly, when it comes to advertising weed, it is restricted on federally funded buildings or infrastructure. This includes federally funded universities, stadiums, bus shelters, mass-transit systems or interstate roadways. Though this rule makes the most sense, since cannabis is not legal in the eyes of the

Federal Government, it still poses difficulty because it restricts advertising on public buses and universities. Most cannabis users are in their mid to late twenties, so not being able to directly advertise to them where they spend most of their time is disappointing.

Green Growth Brands:

One company making strides in the US and Canadian cannabis industry is Green Growth Brands. The company is listed on the New York Stock Exchange as GGBXF. The company aims to become the leading cannabis retail company worldwide (GGB 2019). They believe they can achieve this success through their collection of retailers, scientists, botanists, developers, artists, and business leaders. Under the Green Growth Brands umbrella is five companies, each providing remarkable products and services to distinct markets (GGB 2019).

The newest addition to the Green Growth family, is CAMP, a wholistic center for the cannabis community to find products that support an active lifestyle. These products are made for people interested in cannabis products to consume while being active. Seven7h Sense Botanical Therapy is another brand owned by Green Growth Brands, and their products include CBD infused beauty products. Their product line is meant to promote your body’s natural healing system to help you become more calm, happy, healthy, and sleep better. Seven7h Sense products can be purchased online, and in over 150 Simon Malls nationwide. Other cannabis companies owned by Green Growth Brands include; Meri + Jayne, Green Lily, the Source Dispensaries, and Xanthic Biopharma (GGB 2019).

With their extensive profile in the cannabis market, Green Growth Brands continues to see immense growth in revenues. With the first quarter of 2020 ending in September, the company reported revenues of $12.7 million, an increase of 77% sequentially (Mohanty 2019). The company allots their increase in sales to the holiday season and their additional mall-based shop openings. They also believe their sales will continue to grow rapidly with their growth in wholesale and increased overall brand awareness and overall awareness of CBD (Mohanty).

Conclusion:

It is projected that the global legal cannabis market is expected to reach $146 billion in revenue by 2025. I believe that though not everyone is interested in recreational and medical cannabis use, they cannot deny the fact that by regulating this drug, it would cause a great deal of positive outcomes. With the increase in tax revenue, and more money to put towards things people need and use every day, they might start to come around to the idea that not everyone who uses this drug must be a “pothead stoner” and it helps many people on a daily basis, and can even help them through other forms, such as aid with assisted living or a new park in their neighborhood.

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