

HUMBOLDT COUNTY GROWERS ALLIANCE

Humboldt Countywide Cannabis Marketing: Assessment Summary and Resources

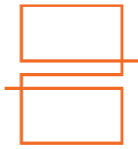
In May 2020, Humboldt County staff contracted with the Humboldt County Growers Alliance (HCGA) to conduct an assessment to inform a countywide marketing program for the Humboldt cannabis industry, funded out of a proportion of Measure S cannabis tax revenue. In response, HCGA, in collaboration with expert advisors, prepared a [Humboldt Cannabis Marketing Assessment](#) for consideration by staff, the Board of Supervisors, the industry, and the public at large.

To inform the creation of a Humboldt cannabis marketing program, the assessment considered successful case studies from Napa Valley wine, Bordeaux wine, Colombian coffee, and Kona coffee. These regions are united by their status as geographical indications (GIs), a strategic framework used around the world to promote craft agricultural products which are essentially tied to specific regions.

Geographical indications approach collective marketing through a holistic lens that prioritizes long-term, sustainable rural economic development for craft producing regions. By tying regional marketing efforts directly to a *place* – rather than a free-floating brand which can be produced anywhere – and by creating structures and pursuing strategies that place producers at the center of marketing efforts, GIs have been used as a successful strategy to resist global trends towards corporatization, consolidation, and commoditization, and return fair value to independent craft producers. GIs integrate strategies for differentiation, promotion, and IP protection into an overall regional branding project.

Based on the four case studies considered in the assessment, and significant research performed on GIs at a global level, the assessment reaches eight major findings on the factors binding together successful regional marketing efforts:

1. **Strong organizational and institutional structures** –Napa, Bordeaux, and Colombia each have institutions that have worked for nearly a hundred years to represent local industry and promote regional products. These successful marketing efforts have been built over generations and have prioritized long-term resilience in addition to short-term sales. Institutional strength can only be built with a long-term vision and consensus-building that promotes cooperation between industry, government, and other sectors of the community such as the tourism sector.
2. **Equitable participation** – equitable participation requires decision-making structures that can balance the management of a regional brand identity with the specific priorities of stakeholders such as appellations, cooperatives, independent brands, and distributors. Without representative participation, marketing efforts can easily favor certain interests over others: for example one segment of the supply chain over another, large businesses over small businesses, or branded businesses over unbranded businesses. One commonality in

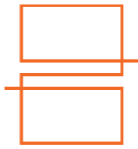


HUMBOLDT COUNTY

GROWERS ALLIANCE

case studies was cooperation across multiple levels of stakeholders: for example, in Bordeaux, there is significant cooperation between a regionwide association representing winemakers and distributors (the CIVB), 35 sub-regional appellation organizations (*syndicats*) representing only farmers, and the French government (the INAO) to ensure balanced decision-making and representation.

3. **Effective legal protection** – regional brands cannot be successful without a legal strategy to prevent fraudulent use of the regional name. Regions that are unable to protect their names not lose value due to fraud, but also gradually lose the reputation of the region, since fraudulent products are usually of lower quality. Successful IP protection strategies involve several components, including advocating for public policy that protects collective regional brands, attaining protection as a certification mark or protected geographical indication, enforcing the mark domestically, and enforcing the mark internationally.
4. **Strong market partners** – successful regions pursue a range of marketing strategies, but strong market partnerships with distributors and retailers are at the core of successful regional marketing strategies. Market partnerships tend to be more cost efficient than direct-to-consumer advertising and can be leveraged to “turn the market into a marketing tool.” For example, a central aspect of the marketing strategies for both Napa and Bordeaux is “wine auctions” where high-quality wines are pre-sold to distributors and other buyers. By inviting press to these events and promoting them more broadly, Napa and Bordeaux are able to simultaneously encourage sales for producers and educate buyers and consumers on the unique qualities of local wines.
5. **Effective grading and quality control** – regional reputations are difficult to maintain over the long term unless products sold under the regional name are of consistently high quality. Quality control strategies have several potential components, including implementation of grading and classification systems, research and education to improve quality, and legal requirements for minimum quality standards. In Colombia, Bordeaux, and Kona, the establishment of official quality control mechanisms and classifications can be argued to be the foundation of each region’s collective marketing strategy. At the minimum, any quality control system requires an agreed-upon grading or classification system that can clearly differentiate based on quality, a system which is still lacking in the context of cannabis.
6. **Collective data collection, research, and educational programs** – the collective organizations that manage GIs frequently take advantage of economies of scale to produce important collective research and education efforts including data collection, agricultural research, farmer education, and research and development.
7. **Promotion of environmental sustainability** – regional marketing efforts can play an important role in supporting environmental sustainability by emphasizing the relationship



HUMBOLDT COUNTY

GROWERS ALLIANCE

between the land and production, promoting environmentally-friendly practices, and incentivizing adoption of voluntary standards and practices.

8. **Integration with public policy expertise** – GIs are often heavily involved in public policy issues. In Napa, for example, the Napa Valley Vintners Association fought heavily for federal appellations protection and state name protection, and continues to work in coalition with other wine associations for the ability to sell directly to consumers. At the same time, collective marketing efforts also influence policy outcomes by building partnerships with other segments of industry, driving press coverage, and increasing consumer awareness.

Based on these findings, the assessment makes thirty recommendations for a Humboldt cannabis marketing program:

Recommendations to Build Strong Organizational Structures

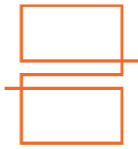
- Recommendation #1: Humboldt’s cannabis marketing program should be built on a strong institutional foundation that prioritizes long-term strategic vision over short-term sales.
- Recommendation #2: Collaboration between industry and government should be the foundation of Humboldt’s cannabis marketing program.
- Recommendation #3: A marketing program will benefit from strong ties to community organizations beyond industry and government.

Recommendations to Ensure Equitable Participation

- Recommendation #4: The organizational and decision-making structure that determines marketing efforts should be representative of, and accountable to, the Humboldt cannabis industry.
- Recommendation #5: The organization that receives Humboldt County marketing funds should be held accountable to public oversight. Specifically, we recommend establishing a single County committee tasked with review for all tax-funded countywide promotional efforts.
- Recommendation #6: Humboldt manufacturers, distributors, and retailers should contribute proportionally to collective marketing efforts.
- Recommendation #7: Marketing efforts should build close relationships with appellations and cooperatives as they develop.
- Recommendation #8: Messaging should be developed with substantial community input and reflect community values.

Recommendations to Protect Collective Intellectual Property

- Recommendation #9: Consider adopting a countywide stamp program, including a certification mark, once this resource becomes available.



HUMBOLDT COUNTY

GROWERS ALLIANCE

- Recommendation #10: IP for the Humboldt County cannabis marketing program should be held by local government.
- Recommendation #11: A Humboldt cannabis marketing organization should have capacity to develop and enforce an IP strategy, including registration of marks, enforcement against fraudulent uses, and integration with IP-related public policy issues.

Recommendations to Build Strong Market Partnerships

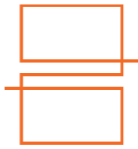
- Recommendation #12: Marketing efforts should prioritize building relationships with distributors and retailers in major urban markets.
- Recommendation #13: Marketing efforts should prioritize building relationships with equity businesses.

Recommendations for Other Marketing Activities

- Recommendation #14: Marketing efforts should work to influence market dynamics, not only to maximize sales within existing market dynamics.
- Recommendation #15: Programmatic marketing efforts should carefully consider prioritization of resources.
- Recommendation #16: Marketing efforts should promote Humboldt and its sub-regions through a lens of terroir.
- Recommendation #17: Incorporate public relations and media coverage into countywide marketing efforts.
- Recommendation #18: Marketing efforts should promote emergent cannabis tourism and coordinate with existing tourism promotion programs on joint content marketing efforts.

Recommendations for Quality Control And Grading Standards

- Recommendation #19: Track the development of cannabis grading standards over time, and consider promotional efforts related to the development and implementation of standards.
- Recommendation #20: Consider conducting agricultural and consumer research on cannabis quality and grading standards.
- Recommendation #21: Over a long term horizon, consider the adoption of minimum quality standards or quality-based classification for cannabis labeled with the Humboldt name. Any potential minimum standards should be based around thorough stakeholder-driven process and a high degree of substantiated industry consensus.
- Recommendation #22: Collaborate with appellations on the marketing of appellation quality control standards, and other appellation-related programs.
- Recommendation #23: As appropriate, consider using Measure S funds - such as microgrant funds - to support cooperatively-owned processing and distribution.



HUMBOLDT COUNTY GROWERS ALLIANCE

Recommendations for Integration Of Public Policy Considerations

- Recommendation #24: A Humboldt cannabis marketing program should integrate public policy expertise on issues including: how policy dynamics will affect the California market, how policy dynamics will affect the availability and nature of interstate markets, development of an IP protection strategy, and policy and compliance considerations related to legal restrictions on cannabis marketing.
- Recommendation #25: Marketing efforts should consider the potential impact of programmatic marketing activities on state, local, and international cannabis policy developments.

Recommendations for Centralized Data Collection, R&D, And Education

- Recommendation #26: Consider conducting research on consumer trends, quality control, agricultural practices, etc. and making this research available to all Humboldt cannabis businesses.
- Recommendation #27: A Humboldt cannabis marketing organization should make relevant educational materials available to all Humboldt cannabis businesses.

Recommendations for Promotion Of Environmental Sustainability

- Recommendation #28: Marketing efforts should promote existing baselines for environmental sustainability in Humboldt, including sun-grown production methods, stringent environmental regulation through multiple state and local agencies, and the prohibition on the use of pesticides.
- Recommendation #29: Marketing efforts should collaborate with appellation regions to promote cannabis grown with higher voluntary environmental standards, including regenerative and permaculture methods.
- Recommendation #30: Marketing efforts should consider promoting additional environmental certifications only if such certification standards are sound, can be adequately promoted to consumers, and will be widely adopted by producers.

Additional Resources

Read the full assessment: <http://gohumco.com/DocumentCenter/View/226/Humboldt-County-Cannabis-Marketing-Assessment->

Video presentation on the assessment: https://www.youtube.com/watch?v=SI_C6gdGLG0

Information for providing public comment on the assessment:

<https://www.hcga.co/post/marketing-assessment-two-upcoming-town-hall-presentations>