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By Bethany Moore | January 3, 2022

EDUCATION

Member Blog: How a Better Understanding of Data Can Propel Cannabis Companies

by John Kievit, [Dimensional Insight](#)

Propelled by new legalization easing the regulations and laws surrounding its use and distribution, the nascent cannabis industry has experienced unparalleled growth.

Expected to [expand at a CAGR of 26.7% from 2021 to 2028](#), the market is loaded with potential for up and coming businesses.

However, to realize this potential and maximize one's ROI requires a thorough understanding of the industry and the flexibility to evolve with the market. Thankfully, the recent legalization of cannabis in many states has spurred a significant increase in available data for organizations to use in facilitating their decision-making.

Understand key market trends

Lacking a mature market history due to cannabis just recently being legalized, businesses within the cannabis industry can't reflect on previous purchasing trends in strategizing their approach to consumers. Whether or not a product experiences success largely depends on it being positioned in the right market segment.

By leveraging transactional data based on a variety of factors (demographic, seasonality, delivery method, etc.), organizations can identify which products are selling and who they're being sold to. The wide diversity of both available strains and consumer demographics means there is no one-size-fits-all solution to cannabis.

Additionally, the cannabis industry's young age and heavy investment in product innovation has produced a relatively volatile market. Businesses have to be able to quickly adapt to the always-evolving consumer trends if they're to remain successful.

Utilizing data in their decision-making can also aid executive administrators in creating long-term business strategies and identifying realistic goals.

Identify opportunities for improvement

Many organizations still guide their decision-making based on factors like gut feelings and prior experiences, which are prone to error and often fail to address the underlying causes in any given situation. Without access to the right metrics, it can be very difficult for both young and mature businesses to identify weak points in their enterprise.

Hidden in the data are countless opportunities for improvement from product design to customer processing. Organizations need a way to transform their data's potential into meaningful insights if they're to successfully scale their business.

Comprehensive data analytics systems are capable of employing automated business rules to generate useful metrics for determining what steps an organization needs to take to grow its enterprise. Many platforms come with a host of built-in KPI measures as well as self-service features that allows users to define their own business rules custom-tailored to their businesses' needs. This means that organizations can apply analytics in a manner that best suits their own unique circumstances.

Comply with regulatory policies

The complex legal status of cannabis has led to an extensive list of regulations and laws that must be abided if the industry is to experience any long-term sustainability. Even in regions where cannabis has been legalized, governing bodies still maintain strict requirements in terms of product quality and distribution. Many of these challenges are only complicated by the fact that the different regions a business operates in all have their own set of unique rules.

Because most of these requirements are monitored and enforced through data collection systems, businesses have to implement a reliable analytics platform that can track product data all the way from cultivation to retail. In addition to handling information governance on an organization's behalf, enterprise data solutions also employ automated features to mitigate the penalties incurred from human error.

Furthermore, by reducing the employee labor costs associated with ensuring regulatory compliance, businesses can free up time and energy for staff to focus on other business functions.

Optimize supply-chain operations

Supply chains, regardless of industry, have always depended on data to guide the transportation of products and ensure that inventories always reflect market demand. However, the short shelf-life and complex regulations of cannabis has made it even more critical that businesses turn to comprehensive analytics platforms.

Due to the volatile nature of the cannabis industry, businesses need real-time data reporting that can allow them to adapt to the always-evolving market trends quickly and efficiently. Every level of the supply chain is prone to a variety of risks and potential obstacles that businesses must be able to respond to at a moment's notice. The ability to address a minor setback before it turns into an emergency can have profound implications for both the short- and long-term success of a business.

Outside of responding to potential accidents, data analytics can also optimize the more general functions of the supply chain and increase a business's ROI. By coordinating schedules, maxing cargo loads, organizing inventories, and addressing other potential areas of weakness, businesses are able to reduce wasted time and resources.



John Kievit is [Dimensional Insight](#)'s Vice President of Goods and Services, Industry Strategy, and Business Development. In this role, Kievit helps Dimensional Insight understand customers' needs and their use of its products. Kievit has nearly 40 years of experience in such a role, including working as an Administrative Vice President for sales and marketing. In addition, he has handled multi-million-dollar portfolios during his years in the goods and services industry, many of which involved using Dimensional Insight's products, and spent many years in direct sales management.

Deciding how your organization implements data analytics depends entirely on the needs of your business and what your long-term goals look like. Solutions like Dimensional

Insight's [CannaBI](#) provide a comprehensive data governance package and manage your data at every step of the way, from integration to visualization. To learn more about how analytics can help your business grow, check out Dimensional Insight's [webpage on the cannabis industry](#).

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