Navigating the highs and lows of the Customer Journey

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Why we're here today?

How to use different methodologies to optimize the shopper journey and retail experience

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Canopy Growth....

- World's largest Cannabis Company

- Over 2,000 employees

- 2018 Cannabis legalized in Canada

- Food, beverage, pet, medical, retail

- Best-in-class insights

- Leading brands

Explorer Research…

- Shopper Insight Consultancy

- Immersive Testing Leaders

- Biometric Experts

The Situation

Cannabis is complex

- Many formats, consumer groups and channels

Different journeys and drivers of choice:

- Shopper Experience (New/Inexperienced and Experienced)

- Channel Preference (Legal: Online, In-store and Medical: Online In-store, Illegal: Online, In-store, Dealer)

- Format Preference

Different methodologies for shopper journey

Online quant can size the market and help inform the behavioral phase of research

In the moment responses capture drivers of behavior

Eye tracking and observations measure in-situation behavior to optimize execution

What we did

Online
Quantitative Study
N=2,500

Shopper
Observations
N=500

Eye tracking
In-store Intercepts
N=400

In-depth
Shopalongs
N=40

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What we did

Online Quantitative Study N=2,500

- Shopper Journey to Map the Omni experience

- Decision trees by channel and product
  - Understand walkaway points and substitution points

- Touchpoints both order and importance

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Cannabis has both channel and experience differences

11% In-Store	7% Online	8% Illicit	23% Illicit	27% In-Store	24% Online

Inexperienced Users
(26%)

Experienced Users
(74%)

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For decision trees, we started by asking importance

Pre-Roll Decision Tree

$ Price

% THC Content

✓ Quality

Intended Effect

Strain Type

Then we understood behavior by shopper type

Walkaway
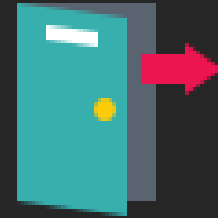
Substitute

		Walkaway	Substitute
$	Price	Illicit	Inexperienced
%	THC Content	Inexperienced	
✓	Quality	All Shopper Groups	
💤	Intended Effect	Inexperienced	
🍁	Strain Type	Experienced	Inexperienced

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As well we look at the order and importance of decisions

From the research two distinct groups emerged Inexperienced and Experienced

INEXPERIENCED

- Need to understand the basics THC/Price/Quality
- Shoppers use fewer touchpoints

EXPERIENCED

- Shoppers want more information
- Want to try new things

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Online Quantitative Summary

- Shopper Journey to Map the Omni experience

- Decision trees by shopper type, channel and product
  - Understand walkaway points and substitution points

- Touchpoints both order and importance

- Triggers and barriers by group

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Next we moved into the in-store work

| Online Quantitative Study N=2,500 | Shopper Observations N=500 | Eye tracking In-store Intercepts N=400 | In-depth Shopalongs N=40 |

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What we did

Shopper
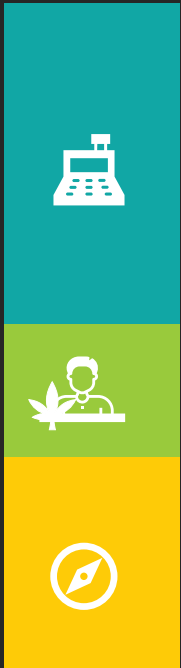Observations
N=500

Shopper behavior observation to understand:

- Traffic patterns in-store
- Time spent in each section
- Total time spent shopping
- Shopping behavior browsing versus grab'n go
- Interactions with the Budtender
- Use of cell phone

Canopy Growth Tweed Retail Store

In-store observations revealed Autopilot behavior

Observed Behavior

48%
Autopilot Straight to Cash

20%
Went Straight to Budtender

32%
Exploratory Browsing

Budtender Interaction

93%
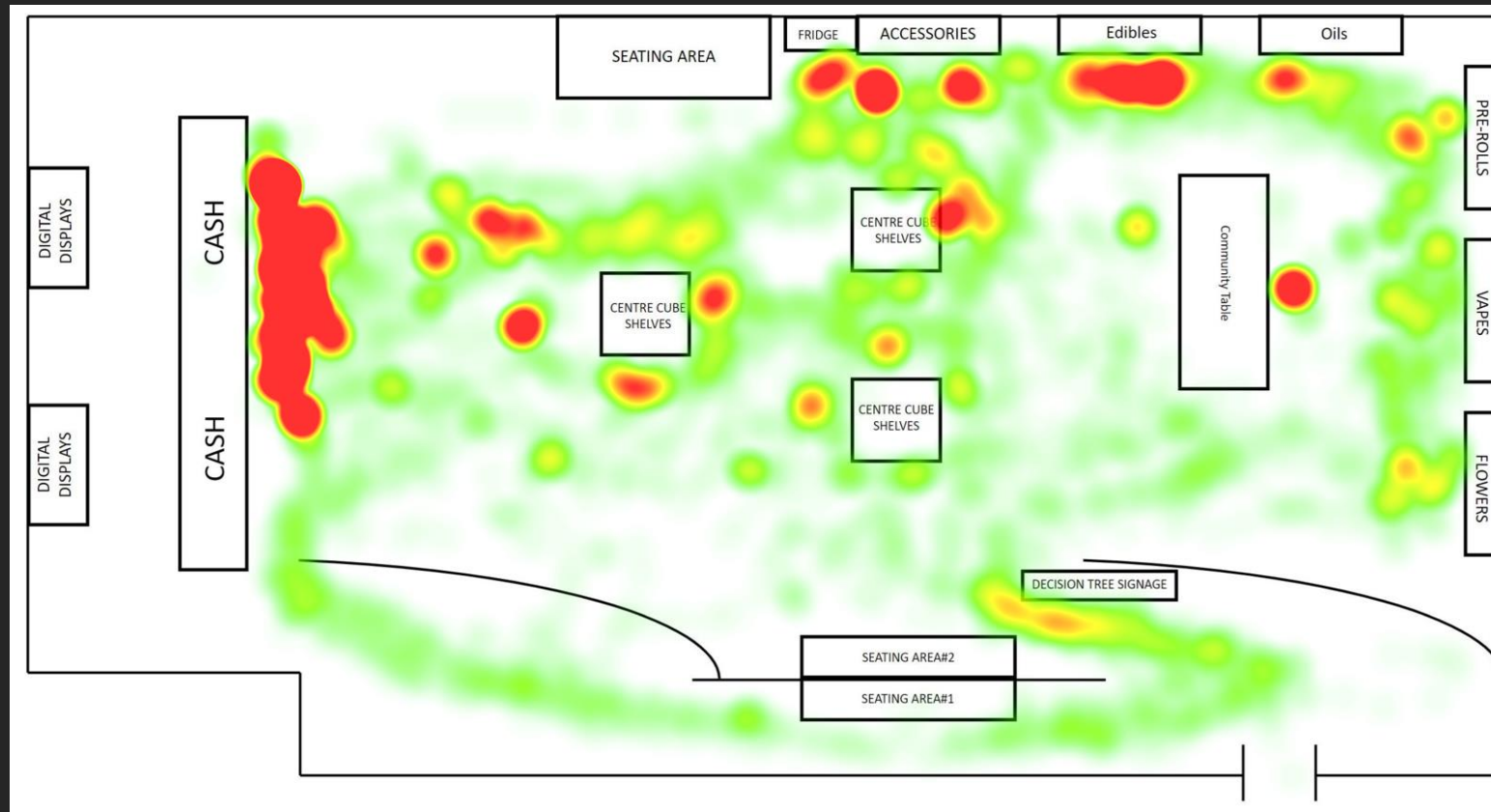Greeted by a Budtender

1.3
Interactions on Average

16%
Use of Personal Phone During Shop

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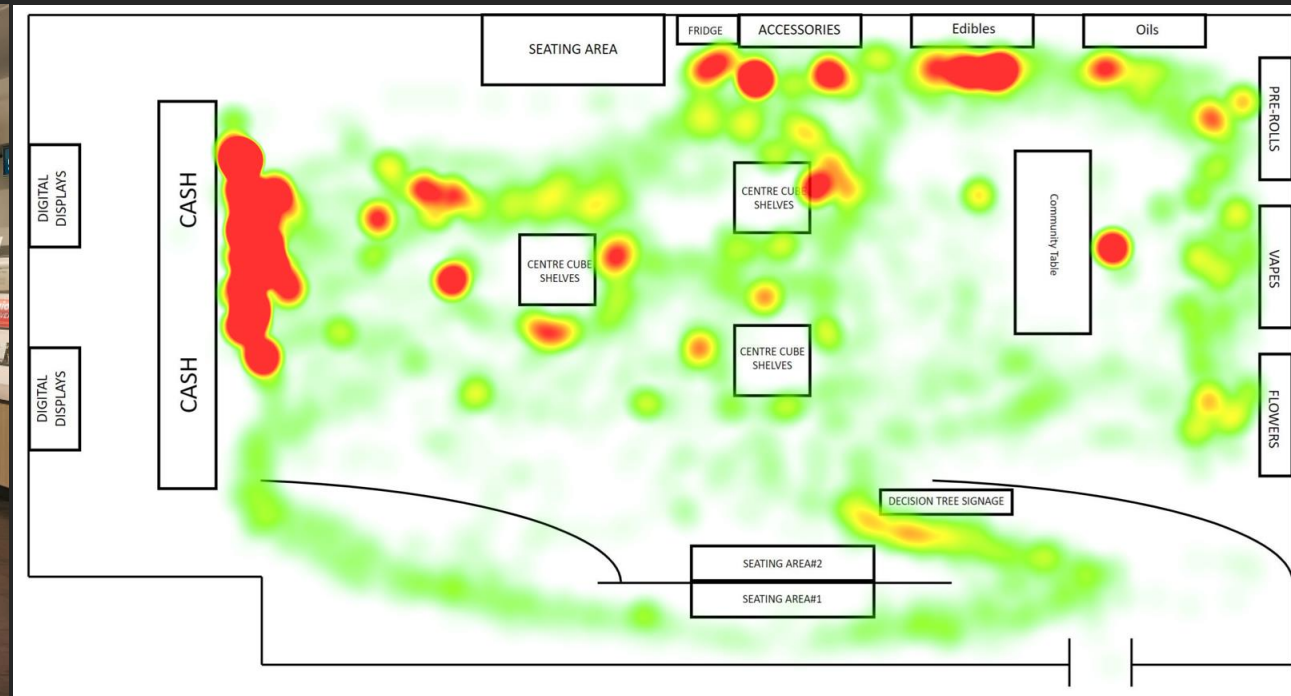
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Mapping traffic flow showed direct line to cash

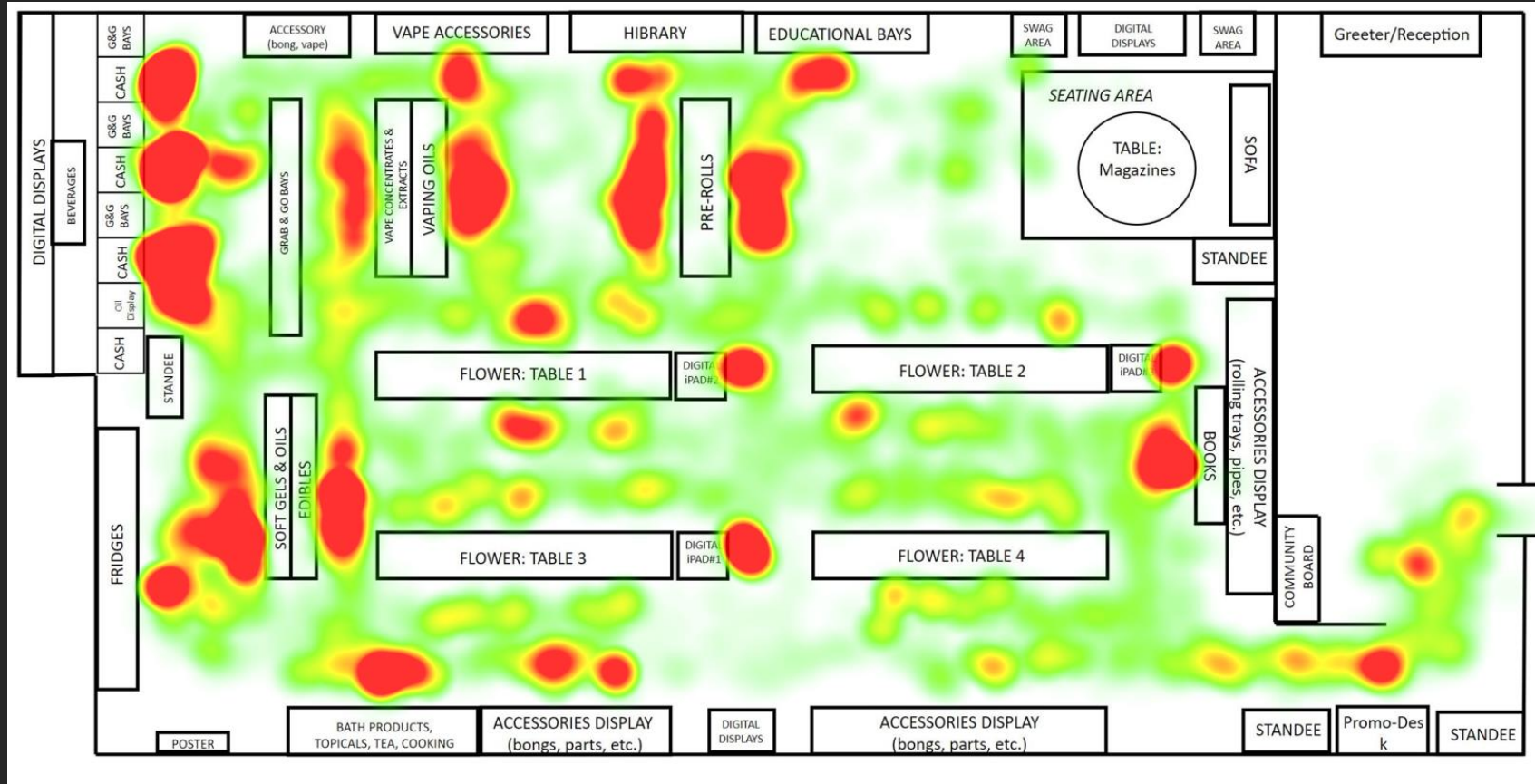## Store Traffic Patterns

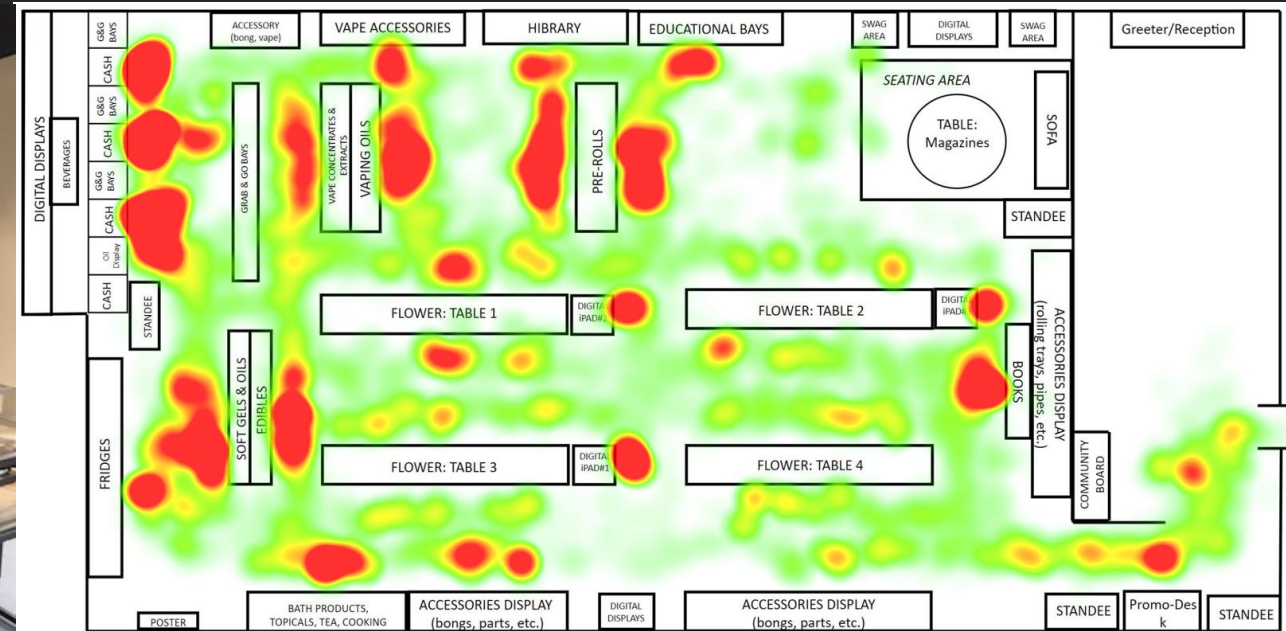# Mapping traffic flow showed direct line to cash

Store Traffic Patterns

But merchandising encouraged engagement

Store Traffic Patterns

But merchandising encouraged engagement

Store Traffic Patterns

Shopper Observation Summary

- In-store exploration can be increased
  - Optimize store layout with most visited categories early on in trip

- Cater to browsing behavior
  - Place less common formats by the "basics"

  - Build basket at cash

What we did

Eye tracking
In-store Intercepts
N=400

- Shoppers were screened to be either experienced or inexperienced shoppers

- They wore eye tracking glasses while shopping

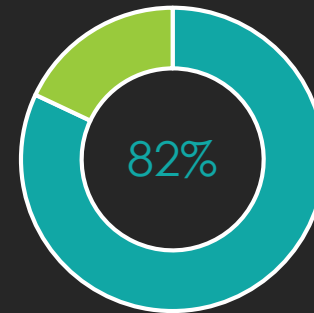- They then completed an interview about their purchases

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By section of the store, we could compare eye tracking data with the interview data

Example Flower Section

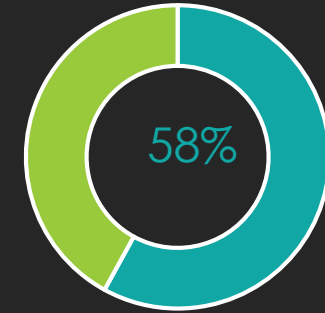### Eye Tracking

Visibility (% Noticed)

82%

Fixation Duration
56.1 s

Interview

Influence Level (T3B)

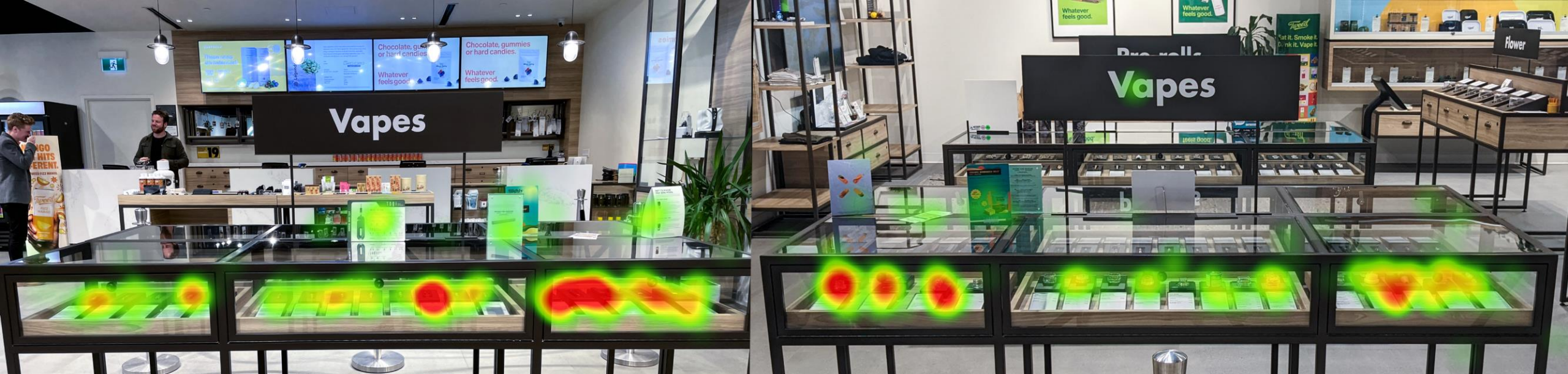*Of those who interacted*

58%

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Eye tracking shows what is viewed in-store

Showing a strong product focus

Also what signage is viewed

Eye Tracking Summary

Eye Tracking demonstrated the following:

- Navigational signage- simple

- Placement is important

- Product focus

What we did

**In-depth Shopalongs
N=40**

- Pre-recruited shopalongs

- Mix of experience levels

- Allowed for further probing of observed behaviors

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Shopalongs provided input on store aesthetics

- Store design impacts browsing and shopping experience

- Sensory elements such as music and smell are important

Shopalongs also identified the importance of service

- Budtenders are viewed positively

- Product recommendations staff preferred to in-store tech

- Budtenders help make cannabis shopping "feel like community"

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We identified how educational materials are used

- Based on experience levels different interest in information

- Many desire "how to" or "what to expect"
  - Experienced want to know about Lineage, notes, origin

- Shoppers want visual, simple education

Inexperienced open to intent systems

- There was openness but execution could be optimized in-store

  - More visual and end benefit focused

- Placement of education important

Shopalong Summary

- Probe deeper and gain in-situation feedback on:

  - Atmospherics

  - Information

  - Service

In summary, different methodologies help action customer journey research

Online quant can size the market and help inform the behavioral phase of research

In the moment responses capture drivers of behavior

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What's Next…

- Best in class In-Store Merchandising Principles included in Canopy's **Win at Shelf** strategy

- **SHARE** internally and with our external key account partners

- UP NEXT:

    - Test & Learn in FY23

    - Optimizing In-Store Education and act as Category Captains