

## Building Brand Equity in a Stigmatised Market: A Cannabis Industry Case Study

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**Abstract :** In 2018, South Africa decriminalised recreational cannabis use and private cultivation, since then, cannabis businesses have been established to meet the demand. However, marketing activities remain limited in this industry, and businesses are unable to disseminate promotional messages, however, as a solution, firms can promote their brands and positioning instead of the actual product (Bick, 2015). Branding is essential to create differences among cannabis firms and to attract and keep customers (Abrahamsson, 2014). Building cannabis firms into brands can better position them in the mind of the consumer so that they become and remain competitive. The aim of this study was to explore how South African cannabis retailers can build brand equity in a stigmatised market, despite significant restrictions on marketing efforts. Keller's (2001) customer-based brand equity (CBBE) model was used as the as the theoretical framework and explored how cannabis firms build their businesses into brands through developing their brand identity, meaning, performance, and relationships, and ultimately creating brand equity. The study employed a qualitative research method, using semi-structured in-depth interviews among 17 participants to gain insights from cannabis owners and marketers in the recreational cannabis environment. Most findings were presented according to the blocks of CBBE model. Furthermore, a conceptual framework named the stigma-based brand equity (SBBE) model was adapted from Keller's CBBE model to include an additional building block that accounts for industry-specific characteristics unique to stigmatised markets. Findings revealed the pervasiveness of education and its significance to brand building in a stigmatised industry. Results also demonstrated the overall effect stigma has on businesses and their consumers due to the longstanding negative evaluations of cannabis. Hence, through stigma-bonding, brands can develop deep identity-related psychological bonds with their consumers that will potentially lead to strong brand resonance. This study aims to contribute business-relevant knowledge for firms operating in core-stigmatised markets under controlled marketing regulations by exploring how cannabis firms can build brand equity. Practically, this study presents recommendations for retailers in stigmatised markets on how to destigmatise, build brand identity, create brand meaning, elicit desired brand responses, and develop brand relationships - ultimately building brand equity.

**Keywords :** branding, brand equity, cannabis, organisational stigma

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