

Stemless Case Study: Maritime Cafe

THE CHALLENGE

82.9% of adults between the ages of 30-49 routinely use credit cards to make retail purchases.¹ A full 30% claim to never carry cash. And yet, cannabis is the only legal industry where credit card payments are explicitly forbidden. Retailers in non-cannabis industries tend to see a lift of 20-40% depending on what products are being sold.

At Stemless, we understand that a dispensary's guests value convenience—sometimes above all else—while dispensaries value safety, and both parties value speed and simplicity. We needed to provide dispensaries like Maritime Cafe (and their guests) an electronic payment solution that was both legal and transparent.

Credit cards are not viable as the big three companies, Visa, Mastercard and American Express, expressly forbade all cannabis purchases on their networks. Additionally, the framework to even accept payment for cannabis isn't even available. Every company that accepts credit cards is provided with a Merchant Category Code (MCC). It communicates to customers, vendors, technical support and others what industry the products a customer purchases falls into. As you can guess, cannabis has no such code.

¹ <https://www.statista.com/statistics/477644/users-of-credit-cards-usa>



**INCREASED
AVERAGE ORDER
REVENUE BY**

14.9%

**WITH STEMLESS
ELECTRONIC
PAYMENTS**

Community-based and family owned, Maritime Cafe is one of the oldest dispensaries in Oregon and was one of the first to receive a license in 2011. Uniquely situated in unincorporated Clackamas county, it tends to draw guests miles away from neighboring dry counties—

especially impressive in a state that boasts the highest amount of dispensaries per capita in the country. Serving a significantly sized elderly and patient community, one of its core missions is to help their guests achieve a high quality of life.



OUR SOLUTION

Since credit cards were not an option, Stemless examined what was available to our network of dispensaries. While there are a handful of legal and transparent funds transfer options, it became clear that bank-to-bank transfers were the clear front-runner.

Submitting a bank transfer is very different than entering in a credit card number. So Stemless studied the steps guests take to make a credit card purchase online and endeavored to bring those same conveniences to bank-to-bank transfers, giving users a similar and comfortable experience that they are already familiar with.

As a result of being able to provide convenient and secure electronic transfers, Maritime Cafe was able to see an **average increase of 14.9%** on electronic purchases examined over a 90-day period.

To put it another way, for every \$100 a guest paying with cash spent at Maritime Cafe, a guest paying electronically would spend \$114.90.

During this same 90-day period, the average Oregon dispensary earned \$337,367. If we were to apply the average credit card usage cited earlier, 82.9%, to sales during this time, a dispensary in Oregon would have expected to see an **increase in revenue of \$41,873**—just by offering electronic payment as an option to their guests.

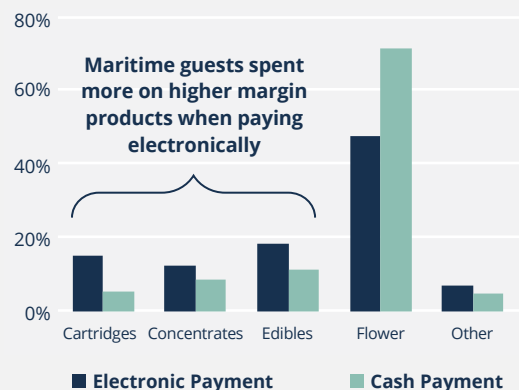
CONCLUSION

Ultimately, as studied over the 90-day period, offering electronic payment increased the dollar value of the average order by 14.9%, increase profitability through the product mix sold, and enabled impulse buys—something Maritime Cafe would not have been able to take advantage of if they didn't offer the ability to pay electronically to their guests.

While the increase in revenue is newsworthy in and of itself, there were several other interesting highlights about electronic payment that emerged during our study:

GUESTS TENDED TO BUY MORE HIGH MARGIN PRODUCTS

During our 90-day study, we observed 71% of revenue from cash-paying guests came from flower, historically the lowest margin cannabis product. However, guests at Maritime paying electronically spent more dollars on higher margin products like cartridges, concentrates and edibles. Maritime not only sold more products by offering electronic payment, they kept more of their sales in profit.



ENABLED IMPULSE PURCHASES

Guests with access to their entire bank account as opposed to the dollars directly in their hands were also able to be upsold—both with in-store purchases and online orders. The more likely the customer has access to electronic payment, the more likely they are to make impulse buys.²

² <https://www.acrwebsite.org/volumes/9781/volumes/v07/NA-07>

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