

# **Cannabis Retailers Turn to Tech Powered Loyalty Programs**

## **Tech Driven Loyalty Programs Are Reshaping Cannabis Retail**

Cannabis retailers across the United States are increasingly embracing loyalty programs as a critical strategy to engage customers and stay competitive in an evolving marketplace. Drawing inspiration from industries such as airlines, hotels, and coffee chains, dispensaries are using technology-powered loyalty systems to reward customers, encourage repeat visits, and build stronger brand connections.

Industry leaders agree: loyalty is no longer a nice-to-have feature—it is a fundamental requirement for cannabis businesses hoping to thrive.

### **Why Loyalty Programs Are Now Essential in Cannabis**

As competition intensifies in both established and emerging cannabis markets, dispensaries are finding that loyalty programs can make or break their customer retention strategies.

“If you want to compete in any cannabis market, you’re going to have to have a loyalty program – it’s table stakes to at least offer one,” said Rocco Del Priore, co-founder of California-based point-of-sale software provider Sweed.

Well-designed loyalty programs not only help increase sales but also ensure that customers view their preferred dispensary as the go-to option in a crowded retail landscape.

### **Borrowing From Airlines: Spend More, Earn More**

Some retailers have implemented tiered loyalty models modeled after the airline industry. Nevada-based Deep Roots Harvest and The Source, which merged under Deep Roots’ parent company Vireo Health, have seen striking results.

According to Matthew Janz, director of marketing for both brands, loyalty participation skyrocketed, with 96% of purchases at The Source and 95% at Deep Roots now made by loyalty members—up from about 85% prior to program expansion.

The model is straightforward: customers earn 2.5% back in cash value on purchases, with opportunities to upgrade to higher tiers. For example, spending \$500 unlocks a 3% cash-back rate. Points are redeemable for discounts, such as \$2.50 off for 100 points or \$25 off for 1,000 points.

“We really encourage people to earn those tiers, spend a little bit more, and get activated into the program,” Janz said. “The rewards customers are the lion’s share of our business.”

## How Technology Is Elevating Loyalty Programs

Technology is revolutionizing how cannabis retailers design, implement, and market loyalty programs. Platforms like Dutchie and Sweed offer integrated solutions that combine point-of-sale systems, e-commerce, and marketing tools into seamless customer experiences.

“If you can dream the loyalty program, we can support it,” said Chris Ostrowski, Dutchie’s chief technology officer.

Key features of modern loyalty platforms include:

- **Mobile apps** that allow customers to track points, scan to pay, and receive personalized offers—mirroring the Starbucks-style experience.
- **Gamified experiences** that target specific customer groups, such as tourists or local residents.
- **Data-driven insights** that help budtenders make recommendations based on purchase history displayed on in-store screens.

For many consumers, the shift to digital loyalty tracking has been transformational. Dutchie CEO Tim Barash noted that in the past, customers often did not even realize they were enrolled in a loyalty program. Now, integrated apps and e-commerce features ensure customers are aware of their rewards—and more motivated to use them.

## Building Value Beyond Discounts

While discounts and cash-back rewards remain at the core of loyalty programs, retailers also see them as opportunities to build lasting community connections.

Deep Roots Harvest, for example, brands itself as a locals-focused dispensary, using loyalty not just to reward purchases but to reinforce its ties to the communities it serves.

“It’s extremely important to bring value to every single customer, not just through charitable endeavors but by rewarding them for supporting us,” Janz said.

By layering education, personalized recommendations, and a sense of exclusivity into loyalty programs, dispensaries are creating deeper relationships that go beyond transactional discounts.

## The Next Wave: Membership Models and VIP Perks

As markets mature, loyalty programs are evolving beyond traditional points systems. Some dispensaries are experimenting with membership-style programs that resemble wine clubs, offering customers monthly product allocations, exclusive perks, and even VIP treatment.

Sweed has already piloted one such membership program with a client, offering participants guaranteed product access and the ability to skip checkout lines—an appealing benefit in busy dispensaries.

In other markets, particularly competitive ones like Arizona and Florida, retailers are exploring loyalty-driven perks that go beyond steep discounts. By offering exclusive experiences, priority service, and flexible redemption options, dispensaries hope to differentiate themselves in environments where discounting alone no longer guarantees loyalty.

## **Loyalty as the New Competitive Edge**

As the cannabis industry continues to evolve, loyalty programs are cementing themselves as an essential component of retail strategy. Far from being simple rewards systems, today's tech-driven platforms allow dispensaries to build brand affinity, personalize the customer journey, and create new forms of value in an increasingly crowded marketplace.

As Dutchie's Ostrowski put it, "It's about giving dispensaries the tools to compete and thrive in a challenging market." For cannabis retailers, loyalty has become not just a marketing tool but a cornerstone of survival and growth.

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