

Colorado's Budding Economy:
A Comparative Analysis of Selected Marijuana Tourism Businesses
in the Centennial State

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ABSTRACT

COLORADO'S BUDDING ECONOMY:

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BUSINESSES IN THE CENTENNIAL STATE

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Since the 2014 legalization of recreational marijuana in the state of Colorado, pioneering entrepreneurs have been getting in on the ground level of a fledgling industry—marijuana tourism. Through interviews with six Colorado-based marijuana tourism business owners, this qualitative study identified current challenges and opportunities faced by those who are blazing the trail into this new form of alternative tourism. The results indicate that continued stigmatization of marijuana in society, along with restrictive and changing regulations, pose significant legal and financial challenges. The results also include a summary of opportunities and recommendations which include educating the public about the benefits of marijuana, building customer loyalty, professionalizing the industry through vigilant compliance and strong hiring, partnering with other marijuana-related businesses, and expanding into new niches of marijuana tourism related to personal health and wellness.

Keywords: marijuana tourism, cannabis tourism, cannabis-friendly, recreational marijuana, weed, marijuana business, marijuana entrepreneurs, pot clubs, social lounges, bud and breakfast, Colorado

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Chapter 1

INTRODUCTION AND REVIEW OF LITERATURE

Background of Study

Tourism has a wide variety of specialized areas, many of which overlap with one another. Some of these specializations include wine tourism, adventure tourism, educational tourism, and religious tourism. These particular niches are forms of alternative tourism. They are interactive, unique, and provide more than a standard getaway. The newest form of alternative tourism – marijuana tourism - is no exception to that. Marijuana tourism has become an incredibly profitable industry in Colorado since the legalization of marijuana in 2014, and the possibilities are truly endless. In the first year of legalization, an estimated nine million marijuana tourists visited Colorado (Campoy, 2014). With this kind of demand, marijuana has the potential to revitalize communities and make entrepreneurs fortunes.

Marijuana tourism would not be possible on a large scale if not for amendments passed in a variety of states legalizing marijuana for recreational use. But legalization alone does not throw the doors open wide for investors and entrepreneurs. Stigmas associated with marijuana use plague the industry. Also, legalization comes with a multitude of legal requirements that must be considered and that specifically limit or prohibit certain tourism opportunities and activities. If mishandled, marijuana businesses can become a source of tremendous financial and legal problems for their owners and investors.

For those wishing to capitalize during the early days of the “Marijuana Gold Rush,” it is important to understand the interplay of social stigma, feasibility, legality, customer demographic, and profitability in the arena of marijuana tourism. Together, these create unique challenges and opportunities and inform industry trends. The purpose of this study was to examine the challenges and opportunities in the marijuana tourism industry in the state of Colorado.

Review of Literature

Research for this review of literature was conducted at Robert E. Kennedy Library on the campus of California Polytechnic State University, San Luis Obispo. The following online databases were utilized: Academic Search Premier, Hospitality and Tourism Complete, Sociological Abstracts, and Google Scholar. This review of literature is organized into two topic areas: definition of and motivations of the marijuana tourist, and the current marijuana tourism trends and issues in the state of Colorado.

A tourist is defined as “someone who is making a visit to a main destination outside his/her usual environment for less than a year for any main purpose [including] holidays, leisure and recreation, business, health, education or other purposes” (World Tourism Organization, 2010). A marijuana tourist is one who travels—in whole or in part—for the purpose of marijuana consumption. As defined by Valdez and Sifaneck (1997), drug tourism is “the phenomenon by which persons become attracted to a particular location because of the accessibility of licit or illicit drugs and related services” (p. 880). This study, however, does not consider the role of drugs that are widely accepted and legalized. Uriely and Belhassen (2005) suggest that the definition of drug

tourism should refer only to “drugs for which the act of their consumption operates at the fuzzy edge of social legitimacy or legality either in the host society or in the tourist’s country of origin” (p. 239). Marijuana fits into this category because, while legalization has occurred in many states in the last few years, it is still regarded by many as a deviant activity (Rojek, 2000).

Marijuana tourism’s categorization as a form of marginal tourism, however, may be changing. In 1969, only 12% of the U.S. population favored legalizing it. Legalization has grown increasingly popular over the years and now, today, 60% favor legalizing marijuana (Swift, 2016). Millennials (those born after 1981) are the age group that is most in favor of legalization, which is an indicator that interest in marijuana tourism may only increase. Among those who use marijuana, 47% use it “just for fun” (Drake, 2013). While marijuana was long seen as a gateway drug (during the “Just Say No” era), 60% of Americans no longer view it as such and 77% believe that marijuana has some legitimate medical uses (Caumont, 2013). A study by Belhassen, Santos, and Uriely (2006) suggests that the normalization of marijuana is influencing tourists’ motives to smoke cannabis while on vacation. Others become marijuana users for the first time while traveling and then continue to consume it in their daily lives.

When considering the motivations of the marijuana tourist, it is important to note that there is some disagreement about whether or not the consumption of marijuana is a prime driver in marijuana tourists’ travel decisions. Oppermann (1999), in his study of sex tourism, argues that “The purpose of travel and the activities engaged in by the tourist are rarely, if ever, the sole purpose and activity” (p. 256). Marijuana business owners in southwest Colorado state: “Tourists are not deciding to come only for marijuana but see it

as one of the benefits, similar to Amsterdam, where it is one of the reasons they choose Colorado” (Taylor, 2016, p. 216). Marijuana business owners, however, have long held that the legalization of marijuana is a big driver for Colorado tourism. According to a study commissioned by the Colorado Tourism Industry (Dean Runyan Associates, 2015), marijuana business owners may be right. Approximately half of all visits to Colorado were influenced by the availability of recreational marijuana. Specifically, 42% of potential visitors said marijuana was either “extremely influential” or “very much influential” in their decision to visit the state, while nearly 7% reported it to be “somewhat influential.”

Given that legalization in Colorado, as well as other states, is still very recent and the fact that marijuana tourism is still considered a “fringe” or alternative form of tourism, there is not a great deal of scholarly research in this area. Additionally, as state and local regulations and ordinances continue to change, research done even a few years ago may be, at least in part, already dated. With that said, it is possible to identify some general trends in marijuana tourist consumption, as well as issues faced in the marijuana tourism industry. According to Light, Orens, Lewandowski, and Pickton (2014), it is estimated that, in Colorado, purchases by out-of-state visitors currently represent about 44% of metro area retail sales and about 90% of retail sales in heavily visited mountain communities. Visitor demand is most prevalent in the state’s mountain counties where “Combined medical and retail marijuana sales more than doubled after retail sales were legalized in January, 2014” (Light et al., p. 3). This reflects a much higher level of demand than previously estimated by the state of Colorado. Additionally, Light et al. state that there is a slow but steady move away from smoking marijuana and towards new

delivery methods. These new delivery methods include “vape pens, edibles, concentrates, and lotions and salves” (p. 9). This may have implications for marijuana tourism since there continues to be many restrictions on where tourists can smoke. Specifically, as of 2016, smoking is still prohibited in public spaces, most hotels and restaurants, as well as public indoor spaces under Colorado’s Indoor Clean Air Act. In 2013, the Indoor Clean Air Act was amended to include marijuana smoking (Kang, O’Leary, & Miller, 2016).

Market analyses have also shown that there is a difference in marijuana consumption in mountain areas versus metro Denver areas. After legalization went into effect on January 1, 2014, and based on sales tax revenue reports from the Colorado Department of Revenue, marijuana sales in mountain towns increased by 100%. In metro Denver, they increased more modestly at 15% (Light et al., 2014). It is important to interpret these sales results with caution since retail purchases are highly correlated to tourists who are more heavily represented in mountain towns. Additionally, sales prices are higher in the mountain communities. Figure 1 shows the percentage change in total marijuana sales among six Colorado counties during 2014.

Figure 1.
Tourism Impact for Mountain Communities versus Metro Communities

	County	Communities within each county	Resident population	Sales change (%)
Tourist Counties	Summit	Breckenridge, Keystone, Arapahoe Basin, Copper Mountain	28,970	162
	San Miguel	Telluride	7,910	174
	Clear Creek	Loveland	9,005	108
	Gilpin	None/Casino Area	5,562	141
Metro Counties	Denver	None	649,481	19
	Jefferson	None	549,643	15

Source: Market Size and Demand for Marijuana in Colorado, Colorado Department of Revenue (Light et al., 2014).

None of these generally positive impacts on marijuana tourism in Colorado would have been possible without the effective rollout of recreational marijuana after the passing of Amendment 64. According to John Hudak (2015), Colorado is succeeding in its effective implementation of recreational marijuana legislation. Specifically, Colorado has done many things well in its creation of legal, regulatory, and tax structures. The state has included many stakeholders in its decisions, and it has worked cooperatively and inclusively between departments and with outside interest groups. Additionally, Colorado has taken the important step to acculturate and retrain law enforcement officers. Finally, Colorado has put systems in place for addressing challenges associated with financial stability and illegal diversion in the marijuana industry.

According to Taylor (2016), one of the challenges faced by marijuana tourism businesses in southwest Colorado has been changing regulations which have required frequent changes to packaging, inventory control, licensing, and more. This, on the other hand, has stifled competition when prospective new businesses see that there are “a lot of hoops to jump through” (p. 214). Another challenge Taylor cites is related to security. Because marijuana sales are a strictly cash-only business, there is increased risk of being robbed—both of cash and of merchandise. Marijuana businesses have had to upgrade security systems accordingly. Restrictions on marketing marijuana establishments include not using the marijuana leaf in logos and signage, and targeting audiences that are comprised of no more than 30% under the age of 21.

Purpose of the Study

The purpose of this study was to examine the challenges and opportunities in the marijuana tourism industry in the state of Colorado.

Research Questions

This study attempted to answer the following research questions:

1. To what degree does marijuana tourism enhance out-of-state tourism?
2. What are the most significant business challenges when operating a marijuana tourism business?
3. What are the growing trends and opportunities in the marijuana tourism industry?
4. What recommendations do marijuana tourism business owners have for prospective marijuana tourism entrepreneurs?

Chapter 2

METHODS

This study is a qualitative research project using interviews with six business owners/managers in Colorado who are currently working in the marijuana tourism field. This chapter includes the following sections: description of organizations, description of instrument, and description of procedures.

Description of Organizations

In this study, six business owners/managers were interviewed from three distinct areas of the marijuana tourism industry: social lounges, tour companies, and lodging companies.

- *Speakeasy Vape Lounge*: Speakeasy (2017), a social lounge, is a private member club and event center located in Colorado Springs, Colorado. Owner Jaymen Johnson's venue sells food, non-alcoholic beverages, and merchandise in addition to marijuana. Speakeasy currently has nine employees.
- *Club A64*: Club A64 (2017), a social lounge, is an upscale, members-only lounge located in Colorado Springs, Colorado. Club A64 is the first brick-and-mortar cannabis club in the United States. It was founded in 2013 by K.C. Stark and is currently co-owned by Wanda Stark and Ambur Racek. They have five employees.
- *City Sessions Denver*: City Sessions LLC (2017) opened in Denver, Colorado, in August 2013 and is the first cannabis tour company to be licensed in the city of Denver. Goldie Solodar is the founder. The company offers bus tours in addition

to cannabis cooking classes. City Sessions employs four people at this time.

- *Colorado Rocky Mountain High Tours*: Incorporated in October 2013, Colorado Rocky Mountain High Tours LLC (2017) is based in Denver, Colorado. Owner Addison Morris employs 12–15 individuals. The company offers accredited cannabis business courses in addition to tours of dispensaries, grow operations, and manufacturers.
- *The Adagio Hotel*: The Adagio Hotel (Bud+Breakfast, 2017) is a privately-owned bed and breakfast under the umbrella of The MaryJane Group LLC. Opened in Denver in May 2014 by Lisa and Joel Schneider, it is the first “bud-n-breakfast” in Colorado. The MaryJane Group initially owned three locations. Currently, The Adagio is its only holding. The Adagio employs six staff members.
- *Aspen Canyon Ranch*: The Aspen Canyon Ranch (2017) is a privately owned dude ranch that offers traditional western-style vacations in a cannabis-friendly environment. Cannabis-related activities and events were added to the Ranch’s offerings in 2015. The Ranch has a staff of 25.

Colorado-based organizations were chosen since they have been in the marijuana tourism business the longest. All businesses are small organizations, and five of the six companies in this study came into existence with the legalization of marijuana in Colorado in 2014.

Description of Instrument

The instrument utilized in this qualitative study was a set of six open-ended questions developed by the researcher (see Appendix A). The questions were developed to align with the research questions being investigated, including questions about the impact of out-of-state tourism, challenges to doing business, opportunities and trends in the business, and recommendations for marijuana tourism entrepreneurs.

Interviews with two business people served as a pilot study. After evaluating the kind of information that emerged based on the original set of questions, the need for a few changes was identified. The initial set of questions was then revised to create better alignment with the purpose of the study. Notes were taken, but these initial two phone interviews were not recorded. It was determined that recording the interviews would increase accuracy and allow the researcher to be more focused on the interviewees' responses and generating follow-up questions. Therefore, subsequent phone interviews were recorded and transcribed.

During the pilot phase, two additional businesses responded and requested a SurveyMonkey link. Therefore, a SurveyMonkey survey was developed (Appendix B) with the newly revised questions. One business replied to the online survey, and this response was considered to be a pilot for the online version. One question, which was added specifically to the online survey, did not yield quality information (interviewee would not respond to the question without a signed nondisclosure agreement), so it was eliminated. The first question in the online survey was modified to ask both the name and the date that the business was founded.

Description of Procedures

This study is a qualitative research project using interviews with six business owners/managers in Colorado who are currently working in the marijuana tourism field. The instrument utilized in this qualitative study was a set of six open-ended questions developed by the researcher (see Appendix A).

Eighteen e-mails were sent to business owners/managers in the marijuana tourism field. Six businesses responded, representing three different areas of the marijuana tourism industry—two social lounges, two tour companies, and two lodging operations. Interviewees were given the option to participate by phone or via the online survey. Phone interviews were recorded and notes were taken.

For phone interviews, the interview began with explaining in greater detail the reason for the interview and the purpose of the study. The online survey contained an introductory paragraph providing this same information. A semi-structured interview format was chosen to provide consistency regarding the core questions but to also allow for flexibility. The open-ended questions allowed for interviewees to share information that was specific to his or her business and business model. During phone interviews, follow-up questions were then asked, as appropriate.

Interviewees' responses were plotted in a matrix in order to identify similarities and differences in interviewees' responses in four key areas: in-state versus out-of-state customer base, business challenges, forecasted trends/opportunities, and recommendations (see Appendix C).

Chapter 3

PRESENTATION OF THE RESULTS

The purpose of this study was to examine the challenges and opportunities in the marijuana tourism industry in the state of Colorado. A qualitative study approach, based on responses to six questions from six marijuana tourism business owners/managers in Colorado, was used. This chapter includes the following sections: overview of selected businesses, impact of out-of-state visitors, challenges for the industry, opportunities and trends, and recommendations.

Overview of Selected Businesses

Six recreational marijuana businesses participated in this study, either by phone interview or by online survey (see Table 1). The respondents represented social lounges, tour companies, and lodging operations. Five of the six businesses came into existence with the legalization of recreational marijuana in Colorado in 2013–2014. The sixth business changed ownership in 2015 and, at that time, began offering marijuana experiences.

Table 1.
Businesses Surveyed and Response Type

Business Name	Founded	Type	Respondent	Response Type
Speakeasy Vape Lounge	2014	lounge	Jaymen Johnson	phone interview
Club A64	2013	lounge	Ambur Racek	online survey
City Sessions	2014	tour	Goldie Solodar	phone interview
Colorado Rocky Mountain High Tours	2014	tour	Addison Morris	online survey
The Adagio Hotel	2014	lodging	Lisa Schneider	phone interview
Aspen Canyon Ranch	2015	lodging	Ryan Collins	phone interview

Impact of Out-of-State Visitors

All businesses identified that a great majority, if not all, of their business comes from out-of-state tourists. Tour companies Colorado Rocky Mountain High Tours (CRMHT) and City Sessions state that 100% of their business comes from out-of-state tourists (nationally and internationally) who are eager to “come see what legalized marijuana is all about,” to enhance their vacation experience, and to also be educated about marijuana.

For The Adagio Hotel, which caters exclusively to marijuana tourists, their guests, according to Lisa Schneider, are 100% out-of-state tourists. The Aspen Canyon Ranch stated that over 95% of their guests are from out-of-state and eager to experience the freedom and lack of stigma. “Marijuana tourists,” said owner Ryan Collins, “are people who are looking for a place where no one is going to walk in and judge them” like they will be judged back home.

Social lounges also attract out-of-state visitors who are curious and want to “see what it’s all about” according to Speakeasy owner Jaymen Johnson. They are also seeking a social environment where they can smoke. About 70% of Speakeasy visitors are from out of state and come from as far away as China, Japan, and Germany. Speakeasy and Club A64 also host parties and events, as well as provide a social setting for smoking, so they draw many local customers.

Challenges for the Industry

Perhaps the biggest challenge for the marijuana tourism industry is that marijuana continues to be taboo. Five respondents specifically discussed the stigma of the stereotypical “pothead” when, in fact, most of their customers are educated, have a job, and make a good living. Collins said that marijuana tourists often feel judged and looked down upon by others. Ambur Racek of Club A64 stated, “I think that people have a pretty false conception of what’s going on in clubs like this and with people who smoke marijuana in general.” Solodar and Morris shared that their clients range from professional athletes to teachers to business people—some of whom are trying marijuana for the first time. Johnson works hard to counteract this stigma by creating a very upscale, classy establishment. According to respondents, this societal stigma drives a lot, including places for consumption, the quality of staff, advertising/marketing, and options for banking. Additionally, state and local laws change frequently and, of course, the federal government still considers marijuana to be illegal.

According to all six respondents, another significant challenge is a lack of places where tourists can smoke. According to Joel Schneider of The Adagio Hotel, tourists

would literally hide in their hotel bathrooms with the shower running to be able to smoke the marijuana they had just legally purchased. The creation of marijuana lounges, tours, and lodgings provides a place to smoke for some of the tourists; however, Colorado has still experienced problems with tourists who smoke on sidewalks or in parks. Goldie Solodar pointed to Proposition 300 which, as of January 2017, legalized marijuana consumption in Denver restaurants. But, she stated, the four-year pilot program will still come with a wide range of permitting requirements. The issue of social lounges, or “pot clubs,” is still unresolved, even though about 30 of them are operating in Colorado. Ambur Racek of Club A64 stated that “consumers need a place to consume” and that social lounges provide a solution. Racek said that the number of social lounges is very low due to Colorado’s lack of legal clarity.

Four out of six respondents identified that finding and retaining competent staff at their marijuana tourism business is a significant challenge. Since the industry is in its infancy, potential employees do not bring years of experience to the job. Additionally, many of those who have been attracted to working in the industry in these early days of marijuana tourism are there for the wrong reasons. At one point, the entire staff at one of the Schneiders’ hotels had to be fired because they were up every night partying. Ryan Collins at Aspen Canyon Ranch stated that the staff need to be clear-headed, articulate, and concise to ensure the safety, enjoyment, and education of their guests. With out-of-staters likely to over-indulge, the role of the staff is all that much more important. City Sessions owner Solodar also discussed the critical nature of hiring. According to Solodar, “especially in an industry that is still considered to be taboo, it is critical to hire people

who are highly professional.” With extremely low unemployment rates in Colorado, getting the best people on board has not proven easy.

Marketing in the world of marijuana tourism is another challenge. Addison Morris of Colorado Rocky Mountain High Tours stated that “The problems in cannabis-centric businesses are the same as any other business: branding, reaching and targeting market, and competition.” The only difference is that advertising a cannabis-related business is far more restricted. Colorado’s approach is “Legalize it, but don’t advertise it,” said Jaymen Johnson, who refers to restrictions on billboards, television, radio, print material, and pop-up advertisements on the Internet, as well as a law against advertising to people from out of state. Marijuana businesses also cannot be promoted on the Colorado Tourism website. Marketing, therefore, is mostly Internet-driven. Ryan Collins pointed out, however, that Facebook’s and Instagram’s community standards do not allow cannabis-related postings, pages, and ads, and that business owners risk having their business and individual accounts deleted. Nevertheless, all six businesses interviewed have both Facebook and Instagram business pages. Four out of six respondents primarily utilize websites and two respondents utilize only social media platforms such as Facebook and Instagram. All of the respondents’ businesses can also be located on specialty websites dedicated to marijuana tourism such as kushtourism.com and coloradopotguide.com.

Since federal law prohibits banks and credit unions from taking marijuana money, those in the marijuana industry have a banking problem. Customers have to pay cash, the businesses themselves cannot get loans or checking accounts, and the State of Colorado tax collectors are literally counting bags of money. Lisa Schneider recalled that she and

her husband were turned away by Chase, where they had banked for 20 years. Square, a payment processing app, shut them down after two weeks and held up \$19,000 in payments for over three months because they were considered a “risky business.” The Schneiders wish they had pursued private capital, instead of going public to raise funds. Goldie Solodar discussed the importance of finding a way to self-fund your business. Complicating this, Addison Moore stated that the cost of doing business is always higher than expected.

Finally, the frequent changing of state and local laws, as well as federal prohibition, make it confusing and expensive to work in the marijuana tourism industry, according to all respondents. With Colorado trying to figure out the rules of the very young marijuana industry as it goes along, Solodar said it is hard to keep up with all the changes. As an example, she shared that there is a new proposal to ban marijuana from being consumed on the highway at all, which could also affect private limos. Jaymen Johnson referred to state law permitting local jurisdictions to make some decisions on their own, which has led to a hodgepodge of rules. When opening Speakeasy, Johnson found that it was easier, ironically, to open a social lounge in Colorado Springs—where dispensaries were banned—than in Denver because the Denver lounges were frequently raided. Ambur Racek opened Club A64 in Colorado Springs for the same reason. Racek pointed to a lot of frustration with the vagueness of Colorado law: “Given the lack of clarity in Colorado and the federal laws against marijuana, every business feels like it is one step away from a federal raid.” In another example of confusing rules, the Schneiders knew they could not sell marijuana at their Adagio B&B, so they provided a complimentary bud bar to their guests. Even though they weren’t selling marijuana, the

city still cited them for dispensing without a license. In another example of legal complexities, Solodar pointed out that, while the new Proposition 300 will allow diners to enjoy marijuana with their meals, it comes with a very complicated list of requirements that will probably change over time.

Opportunities and Trends

All respondents agree that unfavorable perceptions about marijuana have a negative effect on the marijuana tourism industry. As public awareness and acceptance of marijuana grow, however, respondents believe that opportunities in the industry will expand. Laws may change so that marijuana will be treated more like alcohol. Advertising and public consumption rules may loosen. As legalization spreads across the United States, it is possible that federal laws will change—unleashing a wave of changes in banking regulations. Respondents don't have a sense of how quickly societal views of marijuana will change, but they do all recognize the importance of taking a role in educating the public and breaking stereotypes.

Addison Morris compared the marijuana tours to what people seek when they go to wine country—to socialize with like-minded people, to learn about wine-making, and to sample different varieties. Ryan Collins stated the same thing: “People want to learn about cannabis just like they want to learn about wine.” Because they can't do this back home, they flock to places where they can. Goldie Solodar of City Sessions said that “insider” tours—tours that teach guests about the business side of marijuana—are also a big draw for out-of-staters who want to break into the industry. This interest is

anticipated to grow as legalization continues and new consumers (those who try marijuana for the first time) enter the market.

The respondents all indicated that there is a lot of growth in “lifestyle” experiences—specifically, providing marijuana tourists with experiences that focus on peace of mind, health, and personal well-being. Examples of lifestyle experiences offered by respondents’ businesses include cannabis-friendly massages, yoga, and fitness. This is especially evident in the unique and personalized experiences offered by the cannabis lodging companies and tour companies. The social lounges focus more on consuming cannabis in a social setting; however, they too cater to the lifestyle experience by providing a venue for important life events.

Given restrictions on distribution of marijuana, all respondents have found it beneficial to partner with local businesses to enhance their clients’ experiences. Notably, all businesses surveyed work with nearby dispensaries to offer their clients a discount. The lodging operations also partner with local businesses to provide discounts for their guests on spa services and sightseeing excursions.

Recommendations for Prospective Marijuana Tourism Entrepreneurs

According to Addison Morris of CRMHT, entrepreneurs are always looking for that one “get rich quick” thing. Joel Schneider was overly ambitious when he first got into the industry and bought “a bunch of businesses.” He is currently down to one business—The Adagio B&B—having realized that many of these businesses didn’t produce revenue. Goldie Solodar started out small, worked the business on her own, and self-funded its expansion to what it is today. Ryan Collins sees many new niches popping

up all the time, some of which haven't even been thought of yet. He is now in the cannabis-wedding business and sees huge potential. Racek shares Collins' enthusiasm: "I wanted to be a part of a revolution." Respondents all agree that jumping in too fast, without a plan, and without education is a recipe for trouble in such a young and complicated industry. The overall advice from respondents is to develop a solid plan, to be focused and start small (versus over-investing or spreading too thin), and to strive to be self or privately funded.

Given limitations on advertising, all respondents spoke about the importance of word-of-mouth. Repeat customers are critical for all businesses and especially this one, according to Joel Schneider. Addison Morris spoke of the importance of building a brand so that existing and new customers know your business and seek it out. Ryan Collins referred to the "roundabout ways" that customers initially find a cannabis business, but then end up being return customers year after year. They walk away saying "I can't believe how great that was. I can't wait to get home and tell my friends all about it."

Marijuana businesses have a responsibility to educate the public and their guests. Collins stated, "One day, I hope that people who like cannabis will be viewed like people who like wine." He further recommended creating a relaxed, responsible atmosphere that guides guests to not "take it too far" when they finally get to this place where they can consume legally. This can be accomplished by having a professional staff who can educate and guide guests. Aspen Canyon Ranch prides itself on teaching guests, who arrive knowing very little, about marijuana. The tour companies' services center on educating clients about the entire process—from seed to pipe. Solodar of City Sessions believes in "education and conversation" regarding how cannabis can enhance people's

lives and health. Marijuana education and a professional staff are the keys to moving the industry forward.

Finally, marijuana business owners recommended staying current about changing laws and being vigilant about compliance. Cannabis businesses are under a lot of scrutiny and are sometimes disliked by the communities in which they do business; therefore, a higher level of vigilance is required. The consequences of not staying compliant can be financial losses and even jail time. Compliance not only keeps a business in good standing, but it also helps to professionalize the industry.

Chapter 4

DISCUSSION AND CONCLUSIONS

With the legalization of marijuana in Colorado, a new niche area of alternative tourism was born. The marijuana tourism industry has presented a unique set of business challenges and opportunities to entrepreneurs. This concluding chapter will include the following: a discussion of the findings, limitations, conclusions based on research questions, implications of the findings, and recommendations for the organizations and industry, and future research.

Discussion

The recreational marijuana tourism industry is driven almost entirely by out-of-state visitors. They include regular consumers of marijuana and first-time users who are wanting to experience the freedom, social acceptance, education, sense of wellness, and pleasure that a marijuana vacation can offer. While tourists have been able to legally purchase recreational marijuana since 2014, significant legal barriers to consumption—and especially consumption in a social setting—have existed. This is where marijuana businesses have stepped in and filled, at least in part, an important need for out-of-state tourists. Although Colorado is attempting to address this issue through new initiatives, smoking is still mostly limited to cannabis-friendly establishments like the ones that participated in this study. As more states move to legalize recreational marijuana in the years to come, Colorado marijuana tourism businesses may need to find ways to differentiate themselves from other destinations. As Taylor (2016) and Oppermann (1999) suggest, legalized marijuana is not the sole motivation for tourists; rather, tourists

see it as an added bonus. Therefore, Colorado—a well-established, popular tourist destination in its own right—may be able to maintain its current tourism levels even as legalization spreads across the country. Additionally, if marijuana tourism becomes as closely associated with Colorado as wine tourism is with California, Colorado will most certainly retain and elevate its standing as the premier destination for marijuana tourism. Finally, while out-of-staters are the economic engine for these businesses, there may be room for growth within local communities. This could include offerings for local clientele who are interested in learning about marijuana, who want to host a cannabis-friendly event, or who wish to smoke in social settings outside their homes.

The biggest challenge to the marijuana industry is the issue of stigma. This stigma underpins, to a great degree, all related challenges in the industry. As cited by Rojek (2000), marijuana use, whether legalized or not, continues to be viewed as taboo or “on the fringe.” Despite significant increases in reported acceptance of marijuana use by both baby boomers and millennials (Swift, 2016), the stigmatization of marijuana presents as a limiting factor on the expansion of the marijuana tourism industry. Coupled with that, even in states where it is legal, many restrictions passed down by the federal government make it challenging to run a business. States, local jurisdictions, and the marijuana businesses themselves must proceed cautiously in navigating these early days of the industry to avoid unwanted scrutiny or even raids. The stigma and associated legal issues of marijuana cast a haze over many other aspects of the industry, including interpretation of and compliance with ever-changing rules and regulations, hiring of high-quality, professional employees, and access to banking services. For example, the inability to open a bank account, use checks, get a business loan, or process credit card payments

possesses a significant challenge, and sometimes an obstacle that can't be overcome. The growing number of states that are legalizing marijuana will certainly bring this clash between the states and the federal government to a boiling point. Additionally, the current political environment presents a bit of a twist. On one hand, with numerous states legalizing marijuana, one might assume that the federal government will eventually take a hands-off approach, or even re-classify marijuana. On the other hand, the recent appointment of Jeff Sessions as Attorney General could indicate a shift towards a federal crackdown. Clearly, many obstacles burden this young industry; however, if approached carefully, these challenges can be overcome. Marijuana tourism business owners and entrepreneurs will be positioned well for growth if marijuana is to continue its trend toward normalization, if state laws loosen, and if the federal prohibition ends.

Opportunities exist in the marijuana tourism industry for those who are creative, professional, and determined. Those businesses that are the first of their kind in the market are getting in early on America's second "gold rush." Clearly, being first in any industry comes with its fair share of challenges and no guarantees. Despite early setbacks, the Schneiders and other early entrepreneurs have gotten a major head start, their businesses are growing, and the future seems very bright. Consistent with the findings of Taylor (2016), barriers such as strict regulations can even present an advantage to ambitious marijuana business owners because it scares competitors away, allowing them to grab more market share. Business owners' commitment to educating the public in order to improve the industry's reputation demonstrates their commitment to being part of a solution. Much of the taboo surrounding cannabis today is the result of decades of misinformation disseminated by the government through programs such as the

“War on Drugs.” Now, however, business owners have a unique opportunity to help the public, as well as lawmakers, realize that marijuana can benefit nearly every industry, including hospitality, manufacturing, infrastructure, medicine, and many more. Growth opportunities in the “lifestyle” arena, which includes products and services geared toward hobbies, personal wellness, fitness, and health, are also high on entrepreneurs’ radars. This is consistent with Kang et al.’s 2016 findings that marijuana tourism products are being diversified to capitalize on various niches. Finally, partnering with other marijuana businesses has been and will continue to be advantageous for both business owners and their customers. Through partnering, marijuana tourism businesses can offer the more full-service experience that many tourists seek.

Marijuana business owners have a few recommendations to offer those who are considering entering the industry. First, in any business – and especially in a very speculative one such as marijuana tourism - starting small and scaling up from there seems wise. This protects one’s assets in a somewhat unstable and unpredictable industry. Self-funding the business, if at all practical, is seen as the best route to go. This may, however, create an insurmountable barrier for many people hoping to break into the business. Since advertising is so heavily restricted, business owners recommend establishing a strong brand and working hard to build customer loyalty and repeat business. Given marijuana tourists’ interest in connecting socially with other like-minded people, there is a natural tendency towards the formation and growth of referral networks. Word-of-mouth referrals are key in any industry and even more so in the marijuana tourism industry where tourists are seeking out high-quality, trustworthy businesses to protect their vacation investments. Finally, business owners recommend that

entrepreneurs take seriously their role to professionalize the industry. A professional industry starts with the employees who greet the customers. If they are knowledgeable, articulate and committed to the marijuana tourism industry, they can help move the industry forward by leaps and bounds. A shift towards normalization of marijuana will encourage more people to enter the marijuana tourism employment pool. Further, business owners can professionalize the industry by educating the public about the benefits of marijuana and about the growth and manufacturing processes, much like the wine industry does for wine. According to Taylor (2016), this has been an effective strategy for marijuana business owners in southwest Colorado. Finally, business owners have an important role in professionalizing their industry by being informed, vigilant, and compliant with local and state laws and regulations.

There are some limitations to this study that may have impacted the results. The political leanings, life experiences, and hometown of the researcher result in a favorable bias toward business opportunities in the marijuana tourism industry. Additionally, only six businesses were interviewed. A larger number of respondents would have provided a broader perspective to the findings. Additionally, there is a limited amount of scholarly research in the area of marijuana tourism that is current within the last few years. Despite these limitations, this study provides valuable information for those wishing to learn more about the challenges and opportunities in the marijuana tourism industry.

Marijuana tourism is an industry in its infancy. The state of Colorado, as a forerunner in the legalization of marijuana, has been charting unknown territory as it works to effectively implement its state law and regulate the industry, while trying not to run afoul of the federal government. While this creates undeniable challenges for current

and prospective business owners in the industry, there are also significant economic opportunities available for those who are willing to get in on the ground floor. As the legalization and destigmatization of marijuana expand across the country, the challenges and opportunities in the marijuana tourism industry will change and are worthy of further and ongoing study.

Conclusions

Based on the findings of this study, the following conclusions are drawn:

1. Out-of-state tourists are the main economic drivers of the Colorado marijuana tourism industry.
2. Colorado marijuana tourism business owners are faced with stigmatization of their industry, along with complicated and sometimes conflicting local, state and federal regulations.
3. Opportunities in the marijuana tourism industry include providing marijuana education, identifying new lifestyle experience niches, and partnering with other businesses.
4. Marijuana tourism business owners recommend starting small, self-funding, building customer loyalty, staying compliant, and hiring high-quality staff.

Recommendations

Based on the conclusions of this study, the following recommendations are made:

1. Colorado marijuana tourism businesses should work collaboratively with one another to educate the public, to advocate for favorable legislation, and to provide more full-service options for their clients.

2. Marijuana tourism entrepreneurs should thoroughly research both local and state laws, should stay up to date on new legislation, and further, should be extremely vigilant about staying in compliance with all requirements and regulations.
3. Businesses should prioritize hiring and training the most professional and experienced individuals possible to work in the marijuana industry.
4. Marijuana tourism business owners should continue to seek out new lifestyle niches to expand ways for their customers to enjoy cannabis and to increase profitability.
5. Marijuana tourism businesses should focus their marketing efforts on building customer loyalty to garner repeat business, favorable recommendations, and referrals to associates.
6. Future research should analyze the changing landscape of the marijuana tourism industry in Colorado in light of new and future legislation, as well as the rollout of marijuana tourism initiatives in other states.

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APPENDIXES

APPENDIX A

Telephone Interview Questions:

I have reviewed your website to learn about your company, but can you tell me a little bit about what makes your company unique?

To what degree are your customers in-state customers versus out-of-state customers (i.e., marijuana tourists)?

What are a few of the biggest marijuana-related challenges you experience in operating your business?

In regard to marijuana tourism, what are the biggest trends and opportunities?

If you could give three recommendations to someone who is going into the business of marijuana tourism for the first time, what would they be?

Is there anything else that you would like to share?

APPENDIX B

Marijuana Tourism Research Questionnaire

Thank you for taking time to respond to this questionnaire. Your responses will help me complete my senior research project to fulfill the requirements of my Bachelor of Science degree in Tourism Administration.

The purpose of my research is to analyze the challenges, opportunities, and trends in the marijuana tourism industry. Again, thank you in advance for your time.

Sincerely,
Connor King
California Polytechnic State University, San Luis Obispo

1. What is the name of your business and when was it founded?
2. What is the approximate proportion of your customers who are out-of-state tourists (versus Colorado residents)?
3. What are a few of the biggest marijuana-related challenges you experience in operating your business?
4. In regard to marijuana tourism, what are the biggest trends and opportunities?
5. If you could give three recommendations to someone who is going into the business of marijuana tourism for the first time, what would they be?
6. Anything else you'd like to add?

Done

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APPENDIX C

Record-Keeping Matrix

Name of Business	Type of Business	Impact of Out-of-State Visitors	Challenges for Marijuana Businesses	Trends/Opportunities in Next 5 Years	Recommendations
Speakeasy Vape Lounge (phone interview)	Social lounge				
Club A64 (online survey)	Social lounge				
Colorado Rocky Mountain High Tours (online survey)	Tours				
City Sessions Denver (phone interview)	Tours				
The Adagio B&B (phone interview)	Lodging				
Aspen Canyon Ranch (phone interview)	Lodging				