

MARIJUANA SPONSORSHIP PICKING YOUR WAY THROUGH THE WEEDS

Dear Sponsor Doc:

Medical marijuana was recently legalized in Arizona and our organization was approached by a cannabis dispensary about sponsoring a concert we are producing. Before I take this generous offer to my board for discussion, can you provide any insights you might have about the highs (Sorry, I couldn't resist) and lows of marijuana sponsorship?

J.Z. Tucson, AZ

Dear J.Z.:

Medical and recreational marijuana have been legal in Colorado for more than three years. While I for one did not vote for this change to our state constitution, nor do I support it personally, it is the law of the land and has become big business, pumping billions of dollars into the economy.

Those involved in the cannabis industry, whether growers, dispensaries or ancillary services, have been very aggressive in offering financial support to events, cultural organizations, nonprofits, etc. in an effort to "legitimize" themselves and build community goodwill and acceptance.

Some organizations have accepted weed dollars, like the Colorado Symphony, but most have not. In our role consulting with festivals and events principally in Colorado, we have not advised any clients to take on cannabis sponsorship, at least not yet. We have a number of reasons behind this approach.

- 1. Prevailing Community Standards** – Though slightly more than 50% of our state voters approved legalization, less than 20% regularly use cannabis products. It is still a polarizing subject in Colorado and unless your audience is principally made up of that 20%, you might very likely suffer the consequences of community disapproval.
- 2. Implied Endorsement** – Will displaying a dispensary's banner imply your encouragement of cannabis use? If your event attracts families or kids, this can be a real problem. Do they get a booth? If so, exactly what are they promoting or sampling? If they sponsor your event, you will need to be ready to answer to these criticisms and questions.
- 3. Co-Sponsors** – Most of the sponsors we typically secure are local corporations, traditional consumer products or media outlets. In the few, off-the-record conversations I have had with them, they indicated that they would respond very negatively to being a sponsor alongside a marijuana company. While some of the marijuana offers we have received are in the high five figures, I wouldn't be surprised to lose an equal amount or more in other sponsor dollars.
- 4. Landlord Problems** – In Colorado, local cities still have a say in whether they will even allow cannabis products to be produced or sold within city limits. We have already run across some issues with municipalities and school districts

which permit our festival sites, being absolutely clear that they will not allow us to have marijuana sponsors.

- 5. Receiving Payment** – Until banking laws are changed, marijuana is an all cash business. Can you imagine receiving a sponsor payment of say \$25,000 in cash? Those sorts of cash deposits send up red flags in the banking industry and with the IRS.
- 6. Accepting Illicit Gains** – Selling weed is still illegal according to federal law. It is not fully known what accepting marijuana dollars might mean to an organization in terms of dealing with federal agencies. Might it impact your tax returns? Jeopardize your nonprofit status? Make you more of a target for other federal scrutiny. No one really knows yet and remember, the new Attorney General is NOT a fan of states legalizing marijuana.

So, Jay Z, (sorry I couldn't help that one myself), I would walk lightly before I consider marijuana sponsorship. Perhaps someday, cannabis sponsors may be as common as beer sponsors at our events. Or they could go the way of tobacco sponsors. Got any of those anymore?

The Sponsor Doc

With more than three decades in sponsorship sales and consultation, **Bruce L. Erley** is the President and CEO of the Creative Strategies Group, a full-service sponsorship and event marketing agency based in Denver, Colorado he founded in 1995. Accredited in Public Relations (APR) by the Public Relations Society of America and a Certified Festival & Events Executive (CFEE) by the International Festivals and Events Association, Erley is a highly-regarded speaker on event marketing and sponsorship having spoken on the topic around the world in such places as Dubai, Vienna, Beijing, Toronto and New York.

Contact Info:

Bruce L. Erley, APR, CFEE
President & CEO
Creative Strategies Group
Phone: +1-303-558-8181
Business Email: berley@csg-sponsorship.com
Column Enquiries Email: bruce@sponsordoc.com