



First MSO In the US to Launch Outlet Model: Ascend Wellness Holdings

April 24, 2023

By Casey Bloom

Legal and adult-use cannabis sales in the United States reached \$16.5 billion in 2021, with experts predicting the numbers to reach \$33 billion in 2025. These figures suggest a continuously growing cannabis industry, thanks partly to the efforts of dispensaries and outlet stores like Ascend Wellness Holdings (AWH).

For individuals looking for a dispensary selling cannabis products, how can the Ascend Wellness business model benefit customers? What makes this company's outlet model effective? This article discusses the AWH outlet model, why customers should check out its stores, how Ascend Wellness outlets operate, and how the outlet model can effectively serve customers.

The Ascend Wellness Outlet Model: How AWH Serves Customers

Securing prime locations has been a goal for many businesses due to these places' ease of access and proximity to major commercial hubs. And this goal has been one of the retail philosophies of Abner Kurtin, co-founder and executive chairman of Ascend Wellness Holdings (AWH).

With this concept in mind, AWH established cannabis outlet stores using the same outlet model that found relative success in other industries. As of March 2023, AWH has four outlet stores: Scranton and Wayne in Pennsylvania; New Bedford in Massachusetts; and Grand Rapids Century in Michigan.

It's important to note that not all AWH stores are outlet stores. Currently only 4 of Ascend's 27 stores are outlet. The Company considers location, customer demographics, store size and infrastructure, and the overall retail landscape in the area before deciding to place an outlet or traditional store.

How does the outlet model work? Outlets are basically dispensaries where Ascend sells its same suite of products (including its own and partner brands, as well as brands from third-party suppliers) but at everyday low prices. The same great products, but 'flower at a fraction' of the price and often times, in bulk formats.

The result? A variety of high-quality products on the stores' shelves provide customers with plenty of options, all in one location.

But AWH's outlet model is more than just making selling products convenient. By featuring a variety of affordable options in its stores, AWH can offer accessible and high-quality products to its customers.

AWH believes its outlet model allows the company to penetrate and compete in more mature markets, especially in states with few new cannabis customers.

One of the challenges of entering mature markets is that they usually have well-established competitors operating for a long time. In such markets, the new entrant must have a compelling reason to convince customers to change.

The AWH outlet model's promise of everyday low prices provides that compelling reason. The early success of the company's first outlet in Scranton proved that the model worked.

In each AWH outlet, customers can purchase cannabis products from the following in-house brands:

- **Ozone:** Edibles, vapes, flowers, infused pre-rolls and concentrates
- **Ozone Reserve:** Edibles, vapes, flower, glass joints, pre-rolls
- **Simply Herb:** Flower and pre-roll

AWH is enthusiastic about creating high-quality products for retail and wholesale customers. But the company also acknowledges customer preference and offers the following partner brands in its outlets:

- **Lowell:** Cannabis oil, flower and pre-rolls
- **1906:** Fast-acting edible drops
- **Miss Grass:** Half-gram pre-roll packs
- **Flower by Edie Parker:** Cannabis and smoking accessories
- **Airopro:** Vape

As a multi-state operator (MSO), AWH is present in several U.S. states. Aside from its outlets, AWH also has retail stores in Illinois, Massachusetts,

Michigan, New Jersey, Ohio, and Pennsylvania to serve adult cannabis users in these states.

MSOs are cannabis companies with businesses in multiple states. Put in another way, MSOs function like large cannabis corporations. These MSOs can help a brand expand in the country while ensuring that everything remains within federal laws that limit interstate commerce.

Establishing an MSO is no easy feat since the company must navigate various cannabis laws per state, and setting up the business can be expensive.

Still, having AWH stores operating in the above-mentioned states shows how the company overcame this hurdle to serve its customers.

Why the Outlet Model Is Effective

People who take cannabis products use them often for recreational or medical purposes. However, some studies mention that products like marijuana and individual cannabinoids may help manage the side effects of cancer and its therapies. These therapies may include treatments for [mesothelioma stages](#).

One great benefit of outlet stores is that they allow AWH to offer customers low-priced products daily. In comparison, other retailers can only offer discounts and other sales gimmicks occasionally or on select days of the week. With AWH's affordable and high-quality products, customers are likely more willing to travel for more than an hour and a half, bypassing other rival dispensaries, to get to these outlets where they know they can get low prices, every day.

Once the customers reach an AWH outlet store, they'll be greeted with ample selection, easy parking, and convenience to the highway. Such features help make these locations desirable for outlet shopping.

For example, AWH's New Bedford outlet features 5,200 square feet (483 square meters) of floor space and exclusively sells a full menu of cannabis vapes, edibles, concentrates, and flowers. Customers visiting this outlet can find it just off the I-95, around 15 miles (24 kilometers) east of the Massachusetts-Rhode Island border. This location allows the store to serve residents from both states conveniently.

These outlet model benefits provide customers convenience and accessibility to AWH's cannabis products. Individuals interested in AWH or cannabis use can visit Ascend's retail site www.letsascend.com

References

1. Cannabis

<https://www.statista.com/markets/415/topic/2436/cannabis/#overview>

- Cancer

<https://www.cdc.gov/marijuana/health-effects/cancer.html>

- Outlet

<https://bluebox.creighton.edu/demo/modules/en-boundless-old/www.boundless.com/definition/outlet/>

About Ascend Wellness Holdings, Inc (AWH):

AWH is a vertically integrated multistate cannabis operator with licenses and assets in Illinois, Michigan, Ohio, Massachusetts, New Jersey, and Pennsylvania. AWH owns and operates state-of-the-art cultivation facilities, growing award-winning strains and producing a curated selection of products for retail and wholesale customers. AWH produces and distributes its in-house Simply Herb, Ozone, and Ozone Reserve branded products. For more information, visit www.awholdings.com.

Forward-Looking Statements

This news release includes forward-looking information and statements, which may include, but are not limited to, information and statements regarding the plans, intentions, expectations, estimates, and beliefs of the Company. Words such as "expects", "continue", "will", "anticipates" and "intends" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on the Company's current projections and expectations about future events and financial trends, and on certain assumptions and analyses made by the Company in light of experience and perception of historical trends, current conditions and expected future developments and other factors management believes are appropriate.

Forward-looking information and statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and statements herein. Such factors include, among others: the risks and uncertainties identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, and in the Company's other reports and filings with the applicable Canadian securities regulators and the U.S. Securities and Exchange Commission. Although the Company believes that any forward-looking information and statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such information and statements, there can be no assurance that any such forward-looking information and statements will prove to be accurate, and accordingly, readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking information and statements. Any forward-looking information and statements herein are made as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking information and statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward-looking information and statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws.

The CSE has not reviewed, approved or disapproved the content of this news release.