

# The Cannabis Effect:

The Present and future of Cannabis, Hemp  
and CBD Market

Presented by:

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# Legal Cannabis is a Game Changer

- ✓ Legal cannabis is new, cannabis is not
- ✓ Consumption is purposeful, multi-faceted, and complex
- ✓ Legal cannabis is and will continue to DISRUPT every consumer industry
- ✓ Diverse needs drive diverse solutions & innovation opportunities
- ✓ Constantly evolving—*keep up*

# Today's topics

1. It starts with the Legal Cannabis Market:
  1. Global market scale and growth
  2. USA market scale and growth
  3. The Three Phases of cannabis market growth
  4. Product category development
  5. Brands and their development
  6. Consumer Trends and Consumer Penetration
  
2. Now Cannabinoids (including CBD) are taking off:
  1. USA Market Scale 2018
  2. Breakdown by channel and product category
  3. Growth Projections and USA Market 2024
  4. Breakdown by channel and product category

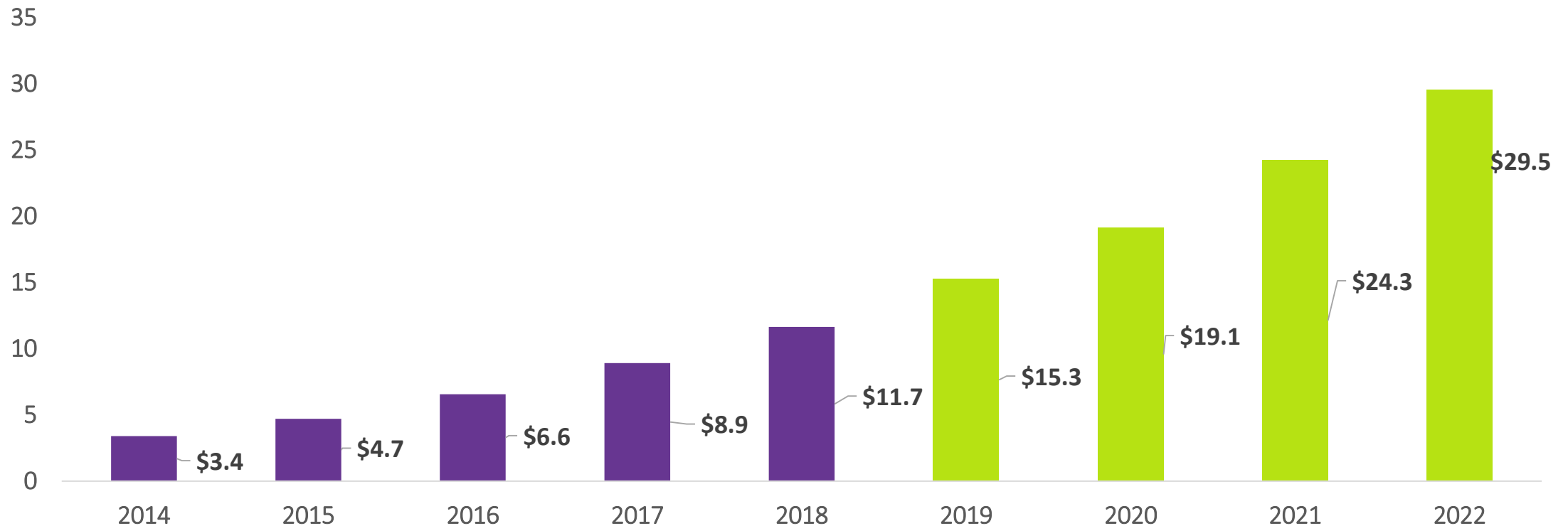


Legal Cannabis is...

**Growing**

# We project a ~25% CAGR for the next 4 years to \$30 Billion

Historic and Projected Global Legal Cannabis Spending (\$USD Billions)

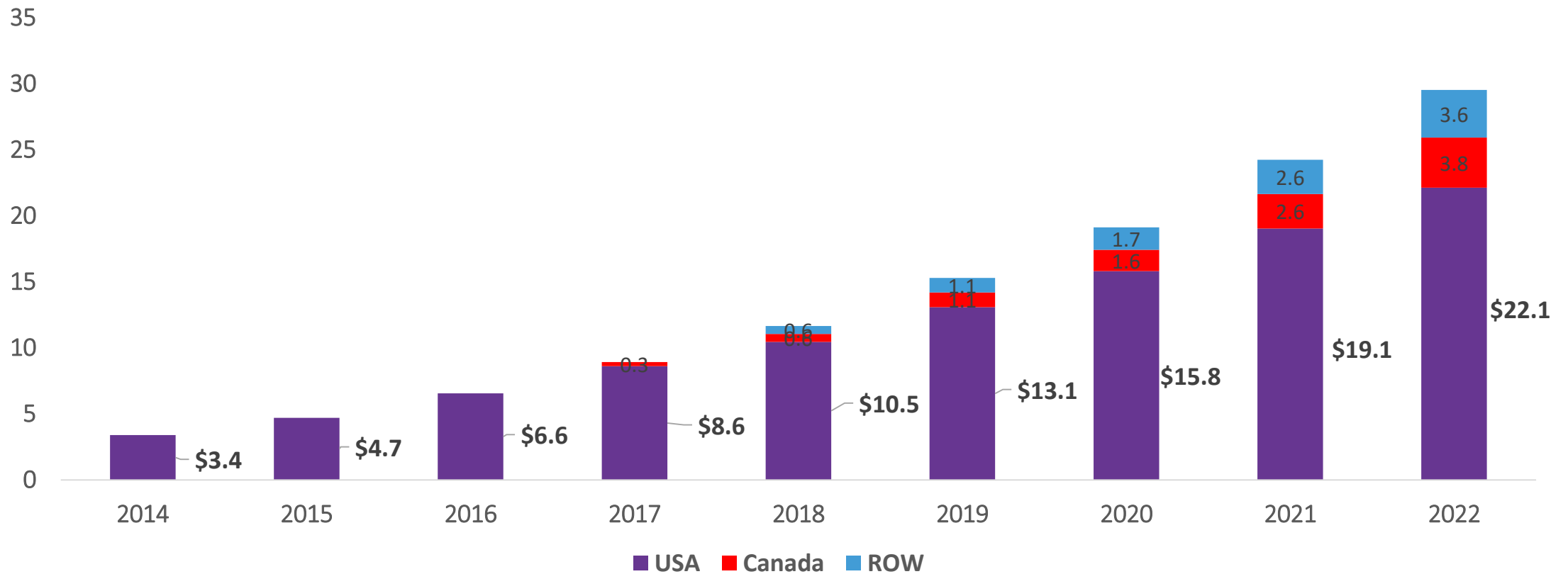


Source: Arcview & BDS Analytics Cannabis Intelligence Briefing



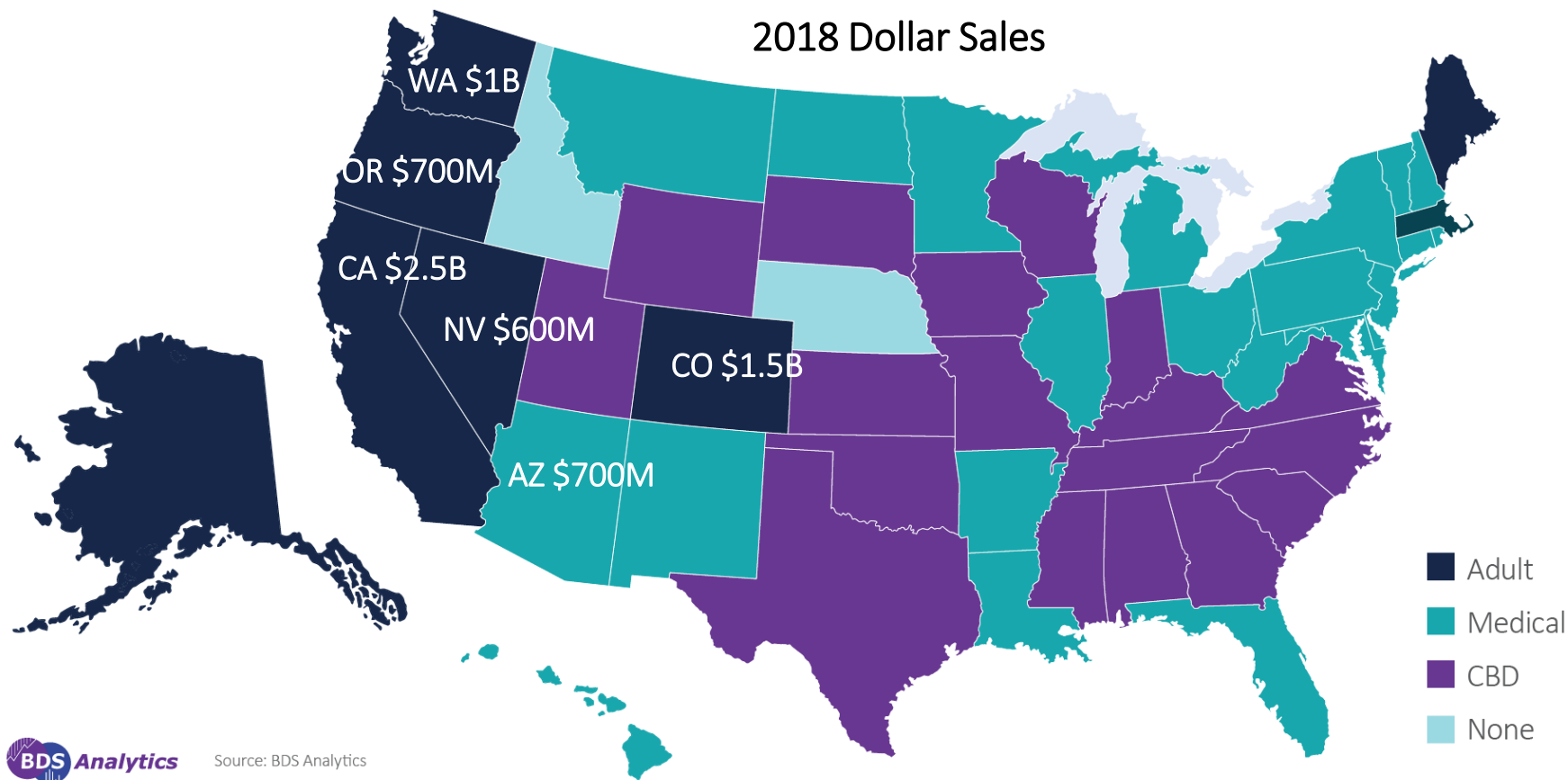
# The US will continue to be the world's largest market

Global Legal Cannabis Spending by region (\$USD Billions)



Source: Arcview & BDS Analytics Cannabis Intelligence Briefing

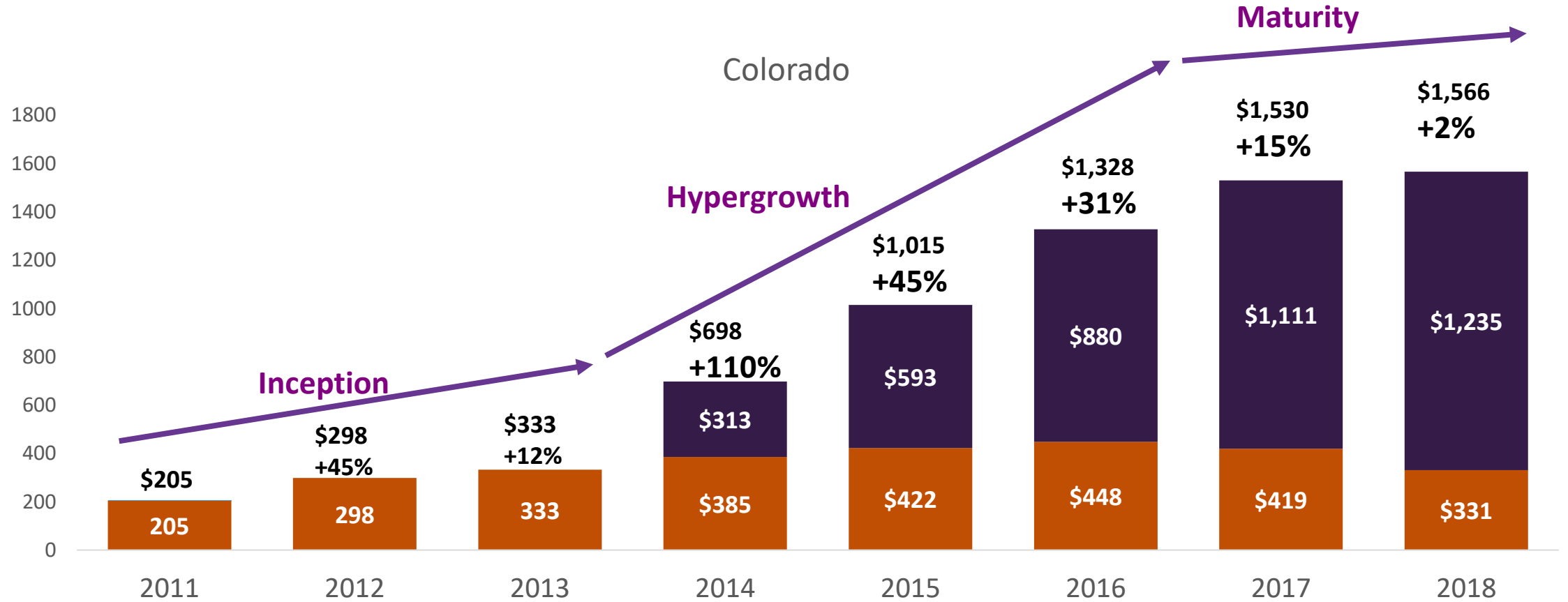
# Although the top six markets account for 2/3 of USA 2018 dollar sales, it's no longer a "Western State" phenomenon



## Up and Coming Major States:

- FL
- MA
- MI
- IL
- NY?
- NJ?

# Exciting Ride - The three phases of State market expansion

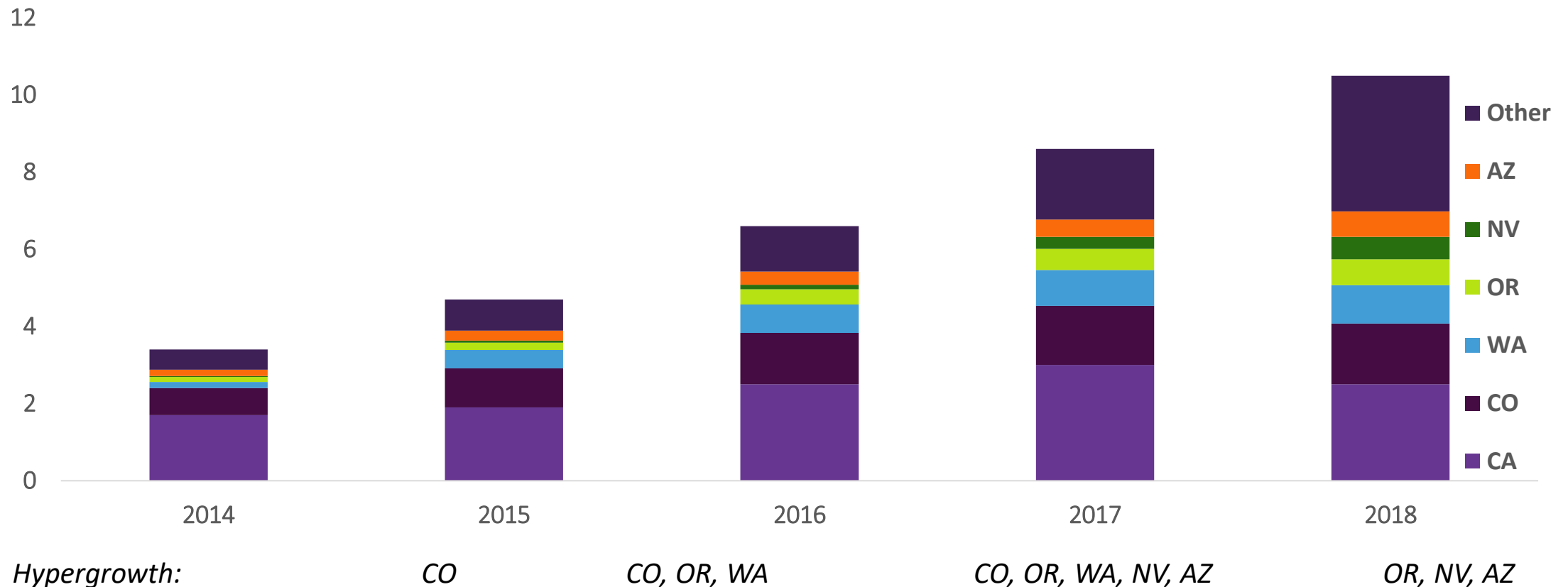


Adult growth %	-	-	-	-	90%	48%	26%	11%
Medical growth %	-	45%	12%	16%	10%	6%	(6%)	(21%)



# Growth by State drives overall growth as new States enter hypergrowth

USA Legal Cannabis Spending by State (\$USD Billions)



Source: Arcview & BDS Analytics Cannabis Intelligence Briefing





Legal Cannabis is...

**A Consumer Story**

# Majority agree with some form of legalization

~80%

of US and CAN adults agree there should be some form of legal marijuana usage



64%

in US

88% Consumers in Med/Adult States

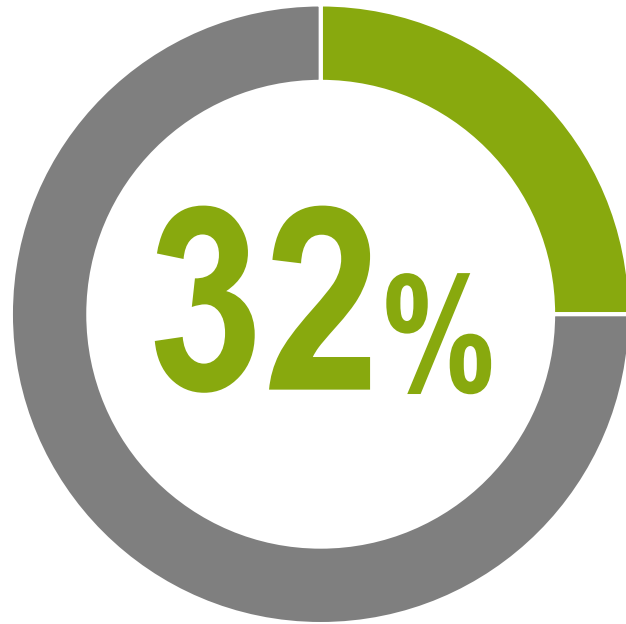
57%

in CAN

agree marijuana has medical benefits



# There are Consumer, Acceptors and Rejecters™



...of adults 21+ in Fully Legal US States have Consumed Cannabis in the Past Six Months

~ **32%** are **Acceptors**

(would consider in the future)

~ **36%** are **Rejecters**

(would not consider in the future)

# Consumption is multi-purposed and multi-faceted



**71%**

**Recreational  
& Social**



**56%**

**Health or  
Medical**



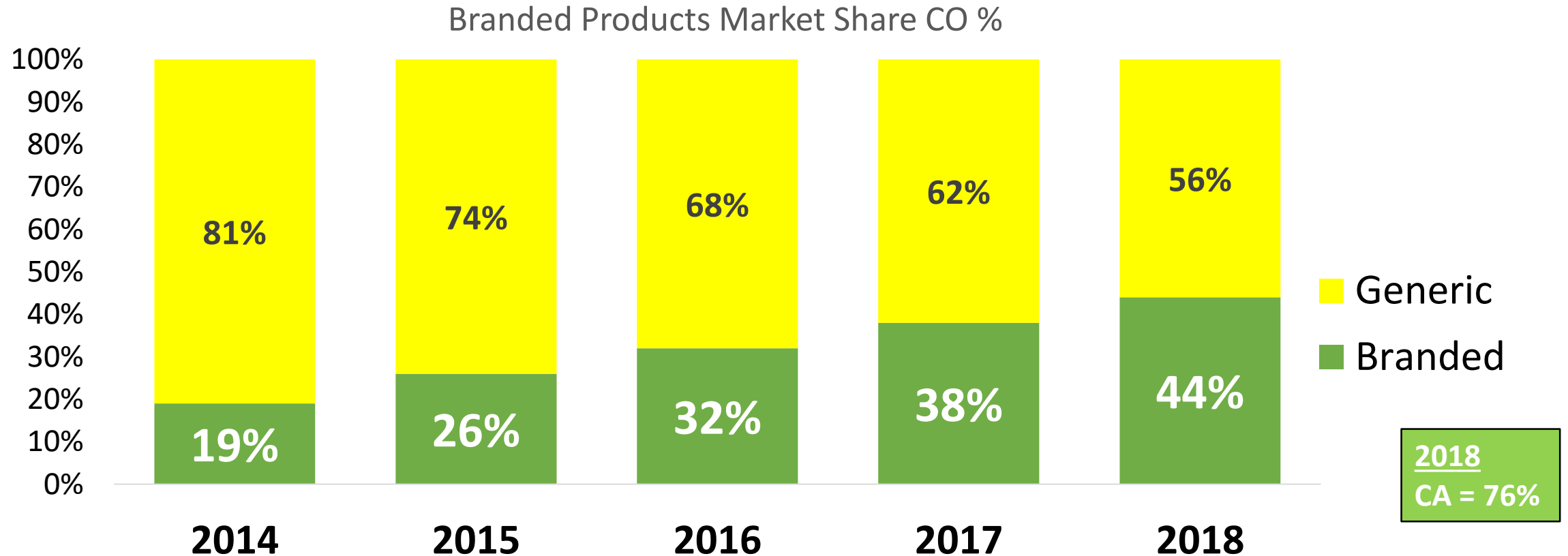
**33% US Consumers**  
Consume for **BOTH**  
**Recreational & Social**  
**AND Health or Medical**  
reasons



Legal Cannabis is...

**Evolving**

# Branded Products are now approaching 50% of sales in Colorado and higher in other mature States



Source: BDS Analytics GreenEdge Market Tracking Service



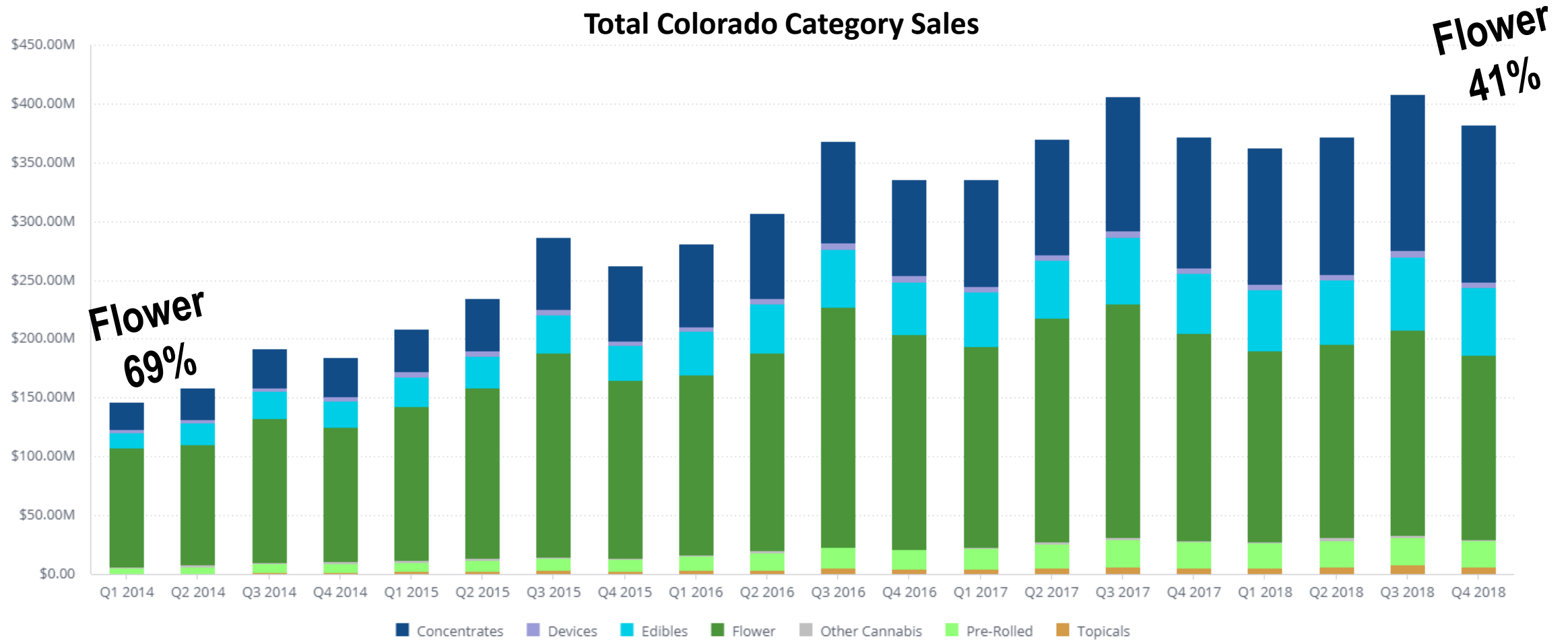
Sophisticated offerings





## Celebrity Endorsements

# Market share is shifting, as seen in Colorado over the past 4+ years



\*BDS Analytics GreenEdge POS Retail Data

Legal Cannabis is...

**Now Hemp-Derived CBD**

*(and other cannabinoids)*

# It is NOT just about THC—CBD is exploding



## Why CBD Hemp Oil Could Be an Important Part of a Healthy Lifestyle

By Michael Jacobs | August 15, 2018

Share on Facebook Share on Twitter Share on LinkedIn



## A More Palatable Cannabis Edible

These next-gen CBD snacks won't make you loopy — and some of them even taste good. Oh, and they're legal!

BY CLAIRE VOON

PUBLISHED JULY 24, 2018  
Facebook Twitter Instagram YouTube Comments



Green Roads frog gummies from CBD Kratom PHOTO: JEFF MANN

TODAY, non-intoxicating, general market Hemp / CBD product purchasing largely falls within ingestibles (or edibles)

CONSUMER CLAIMED PURCHASING OUTSIDE OF DISPENSARIES:



**11%**

Inhalables



**53%**

Ingestibles

- Oils, Tinctures
- Food
- Pills, capsules, tablets
- Supplements/Vitamins
- Beverages



**24%**

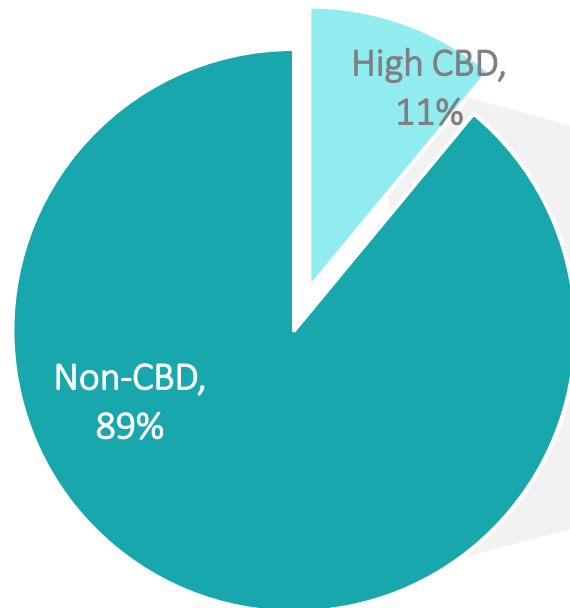
Topicals

- Creams, balms, salves
- Beauty Care
- Skin Care
- Patches

# Consumer claimed purchasing in the general market mirrors the regulated dispensary channel

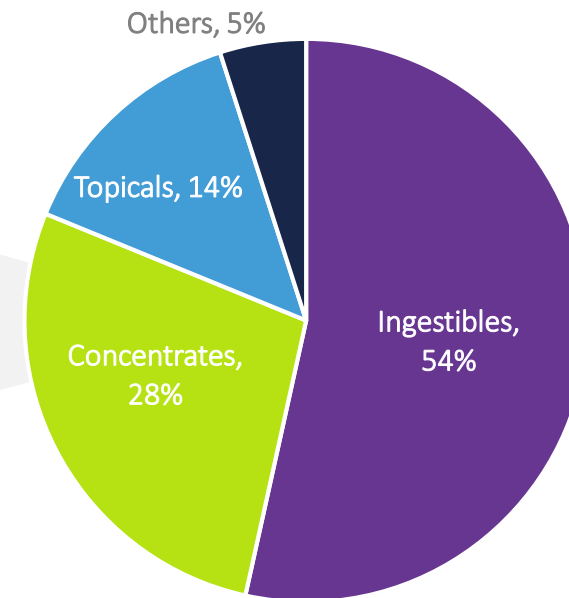
*The dispensary channel AND shoppers are a lead indicator of where the CBD market will go*

ALL BDS ANALYTICS' TRACKED DISPENSARY CHANNEL 2018

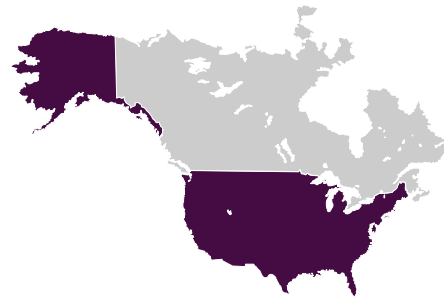


Up from 5% in 2017

DISPENSARY CHANNEL HIGH CBD MARKET SHARE 2018



# Education is Needed—*retailers and manufacturers!*



There are no differences in the effects of  
CBD or THC

**69%**

incorrect or do not know

**69%**

incorrect or do not know

Any product containing hemp  
will cause effects such as feeling high,  
relaxed, sleepy, etc.

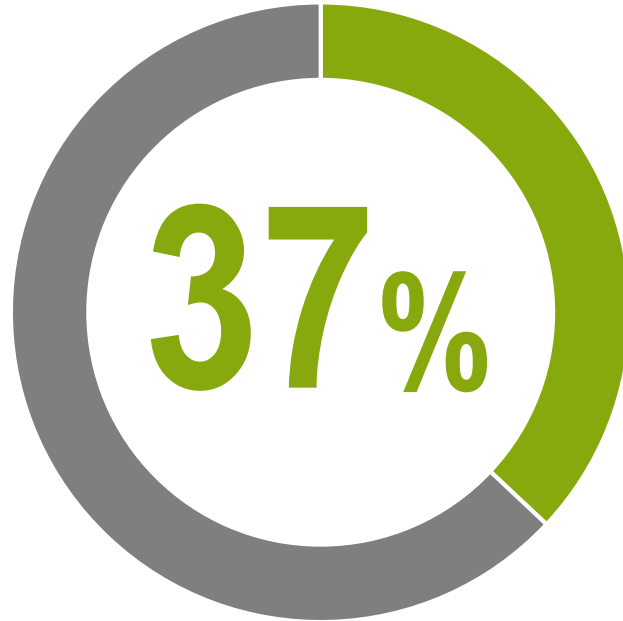
**66%**

incorrect or do not know

**65%**

incorrect or do not know

# CANNABINOID Consumer, Acceptors and Rejecters™



...of Adults 21+ in Fully Legal US States have Consumed CANNABINOID products in the Past Six Months

**As a reminder, 32% of Adults 21+ are legal/regulated CANNABIS Consumers**

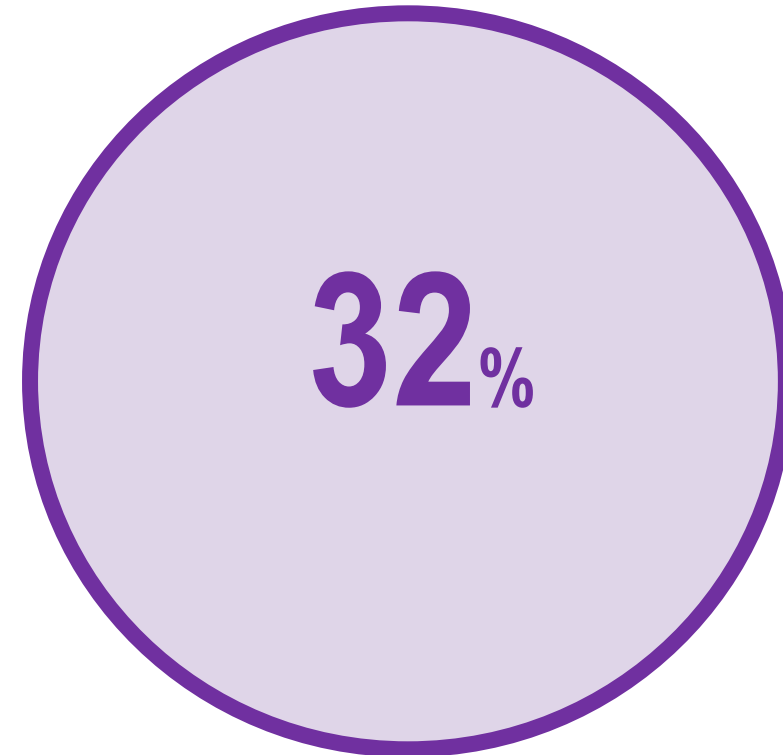


Of Adults 21+ in FULLY legal cannabis markets...

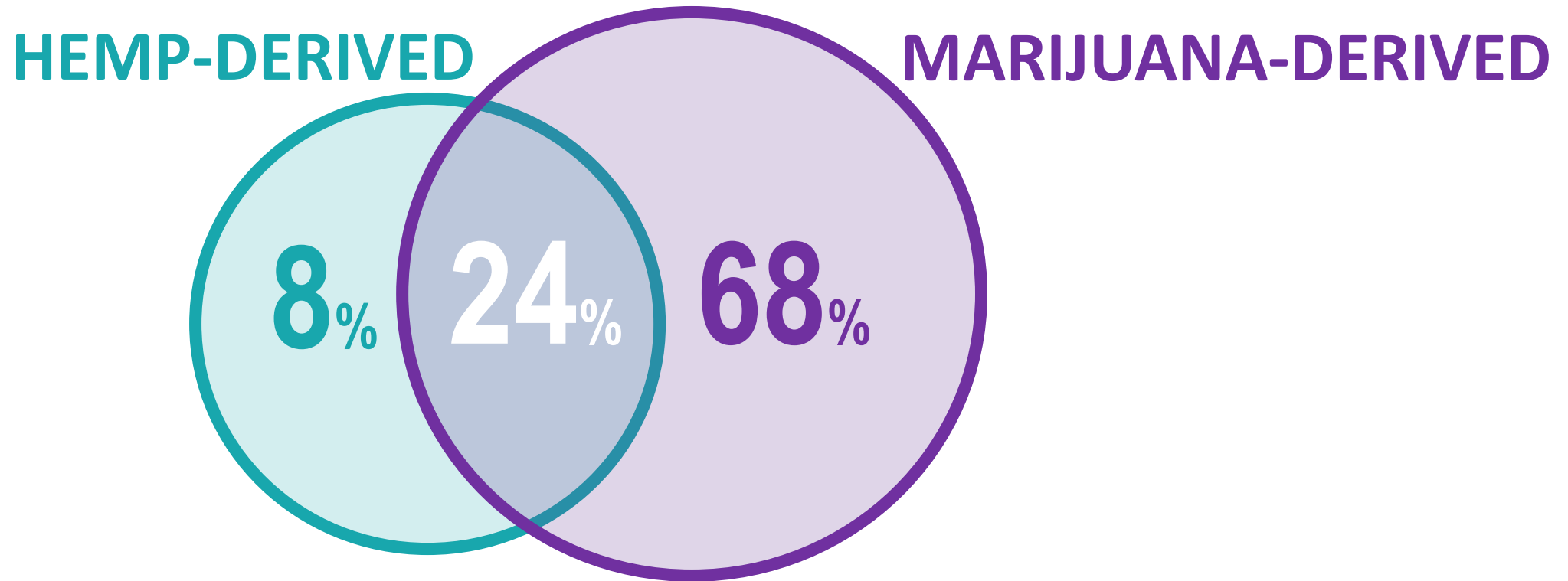
## HEMP-DERIVED



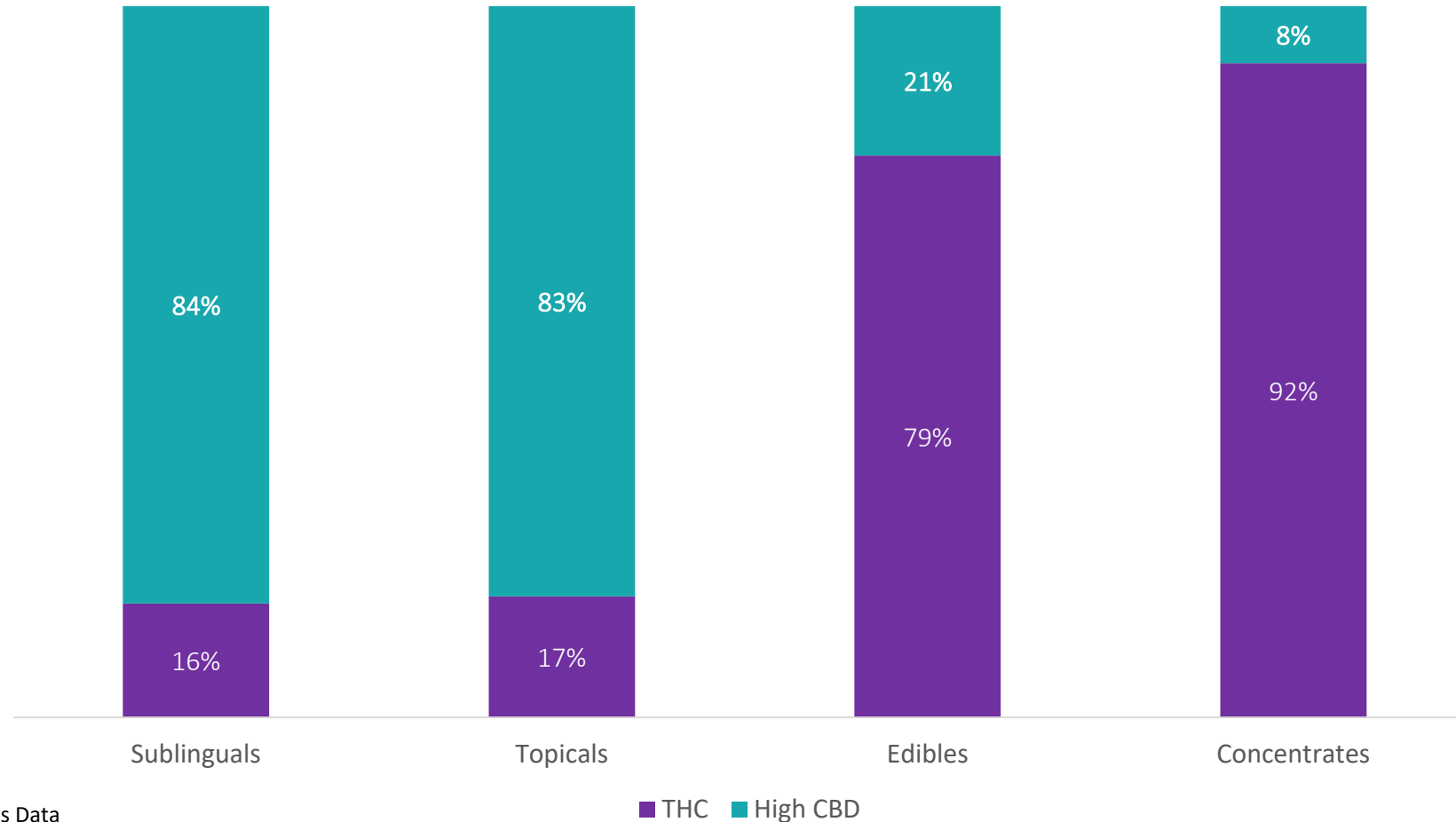
## MARIJUANA-DERIVED



# There is substantial overlap among Cannabinoid Consumers



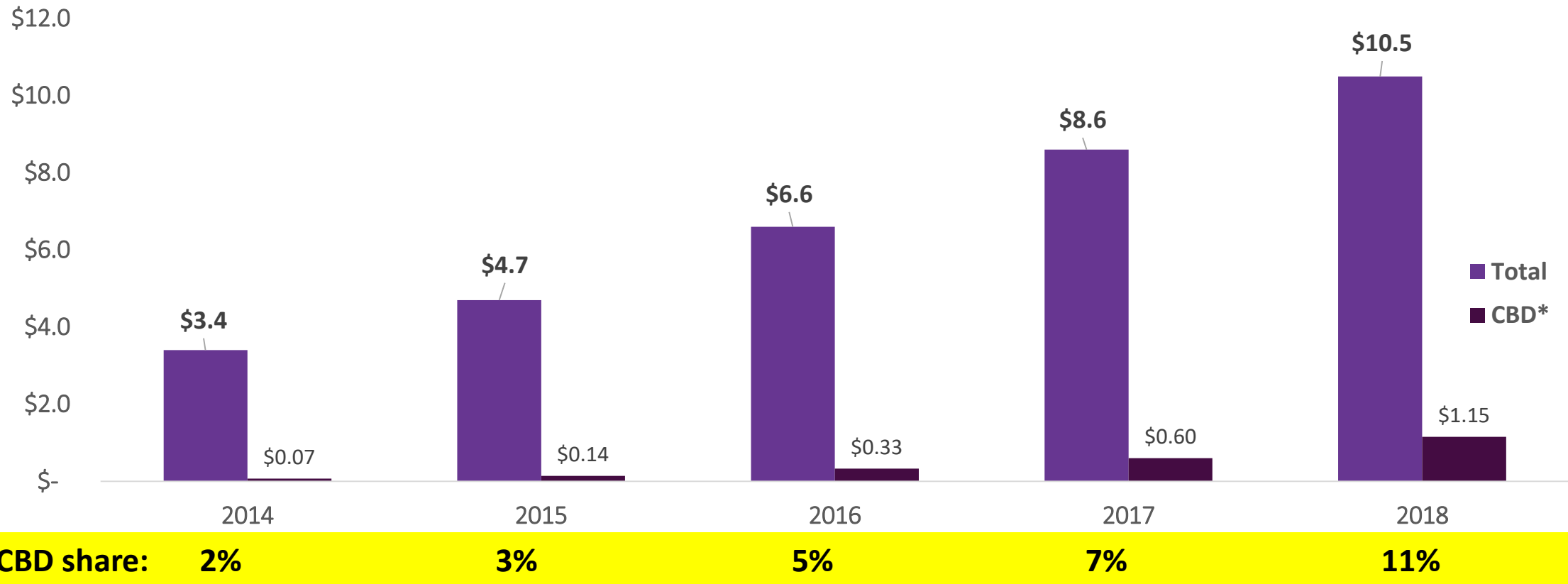
While smaller overall contributors to dollar sales in dispensaries, most sublinguals and topicals are positioned and sold to consumers for the CBD benefits



\*BDS Analytics GreenEdge Retail Sales Data

# From almost nothing, CBD sales have been growing even faster than overall sales in the dispensary channel

Total USA Legal Cannabis Spending and CBD share (\$USD Billions)

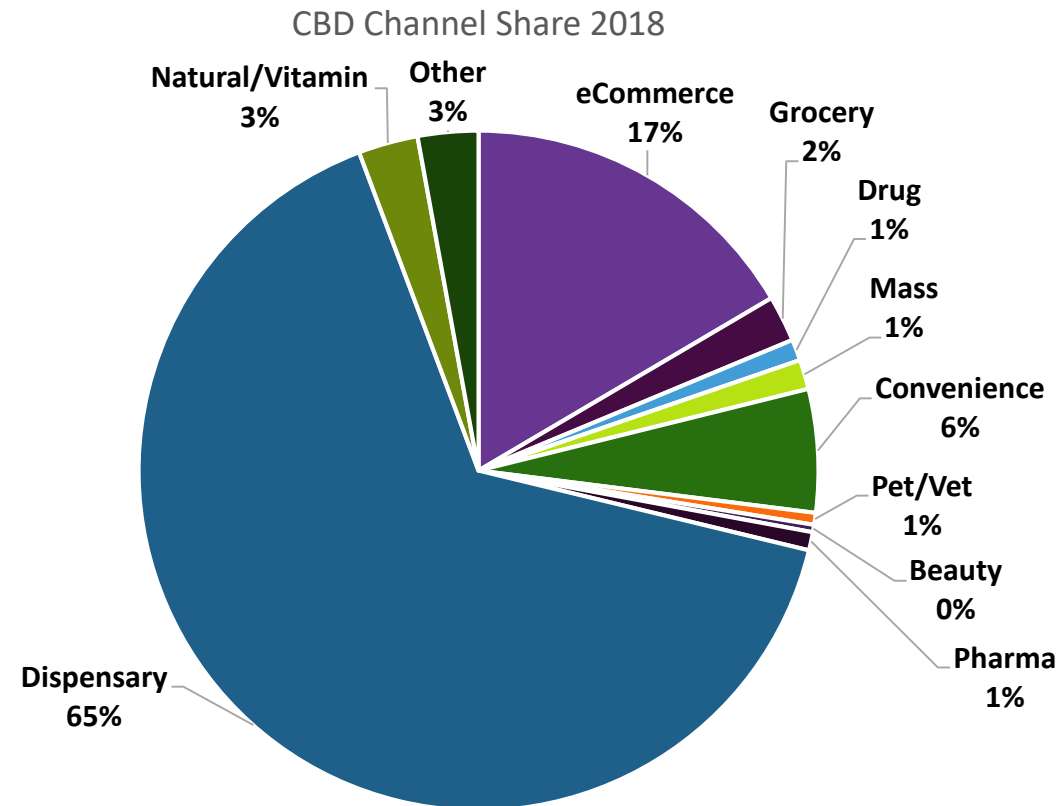


Source: BDS Analytics CBD Market Monitor, Arcview & BDS Analytics

\*Products containing a substantial proportion of CBD

# The dispensary channel dominates CBD sales today; many other channels are just getting started

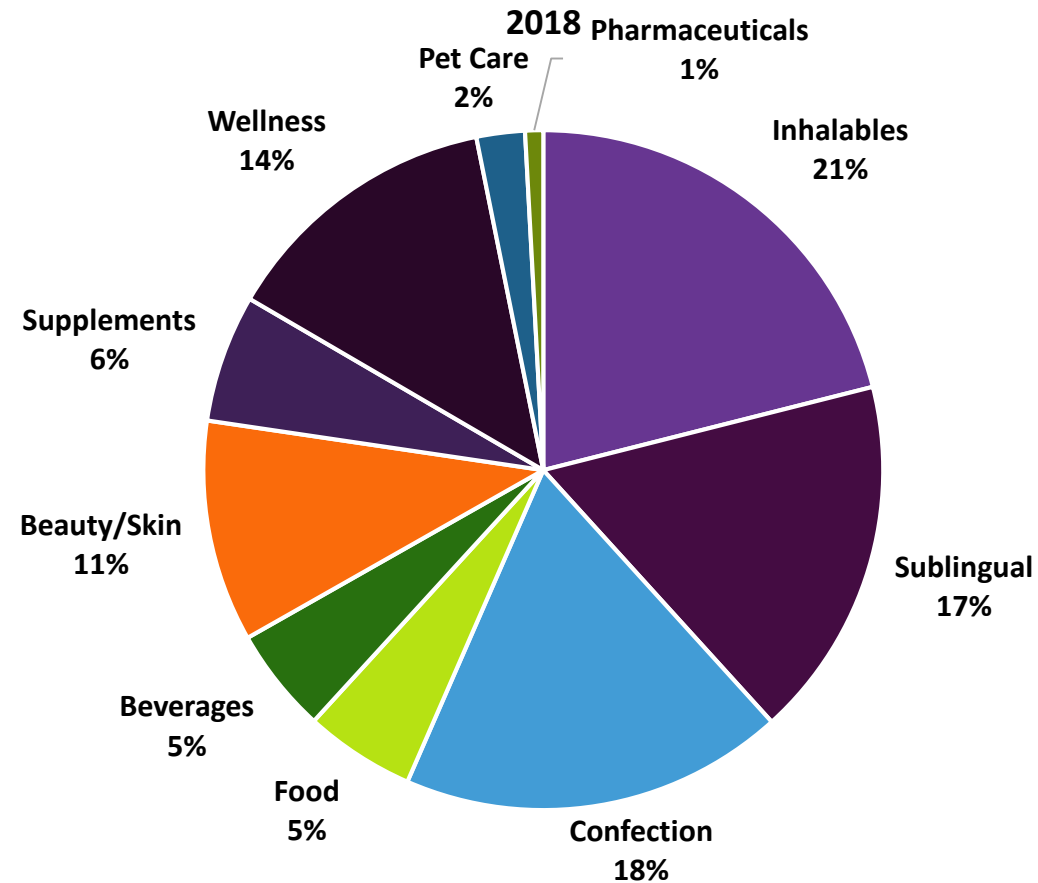
Total BDS Analytics' Estimated US CBD Market 2018 by channel: \$1.8 billion



Source: BDS Analytics CBD Market Monitor

# And CBD is already included in many product categories

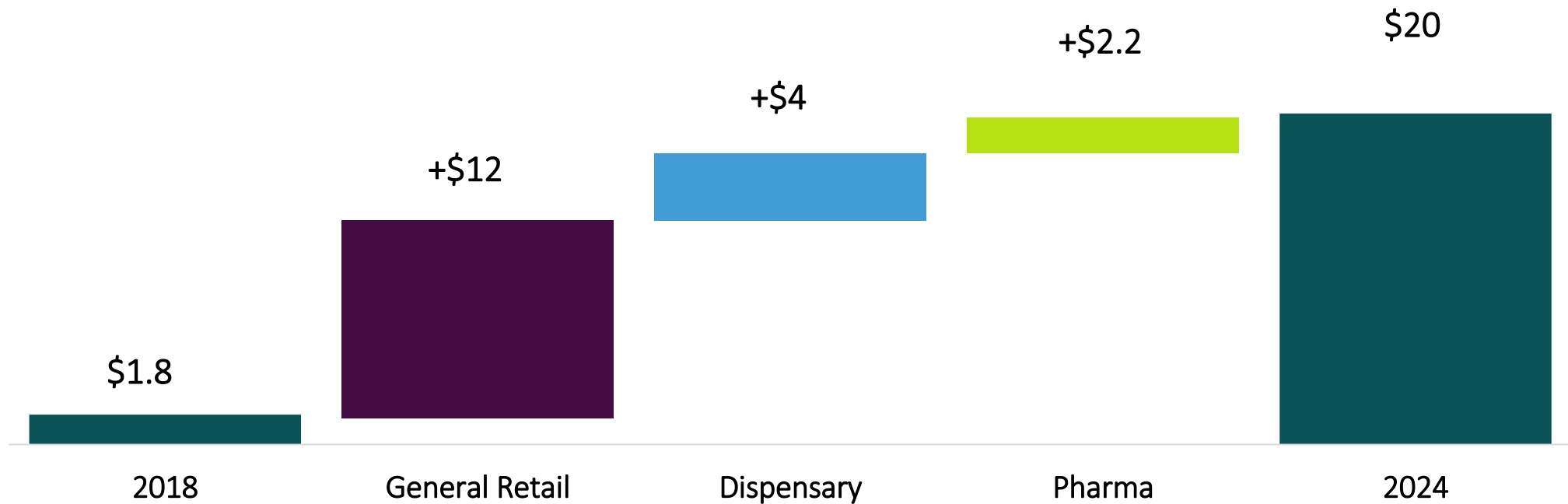
BDS Analytics' Estimated US CBD Market 2018: \$1.8 billion



Source: BDS Analytics CBD Market Monitor

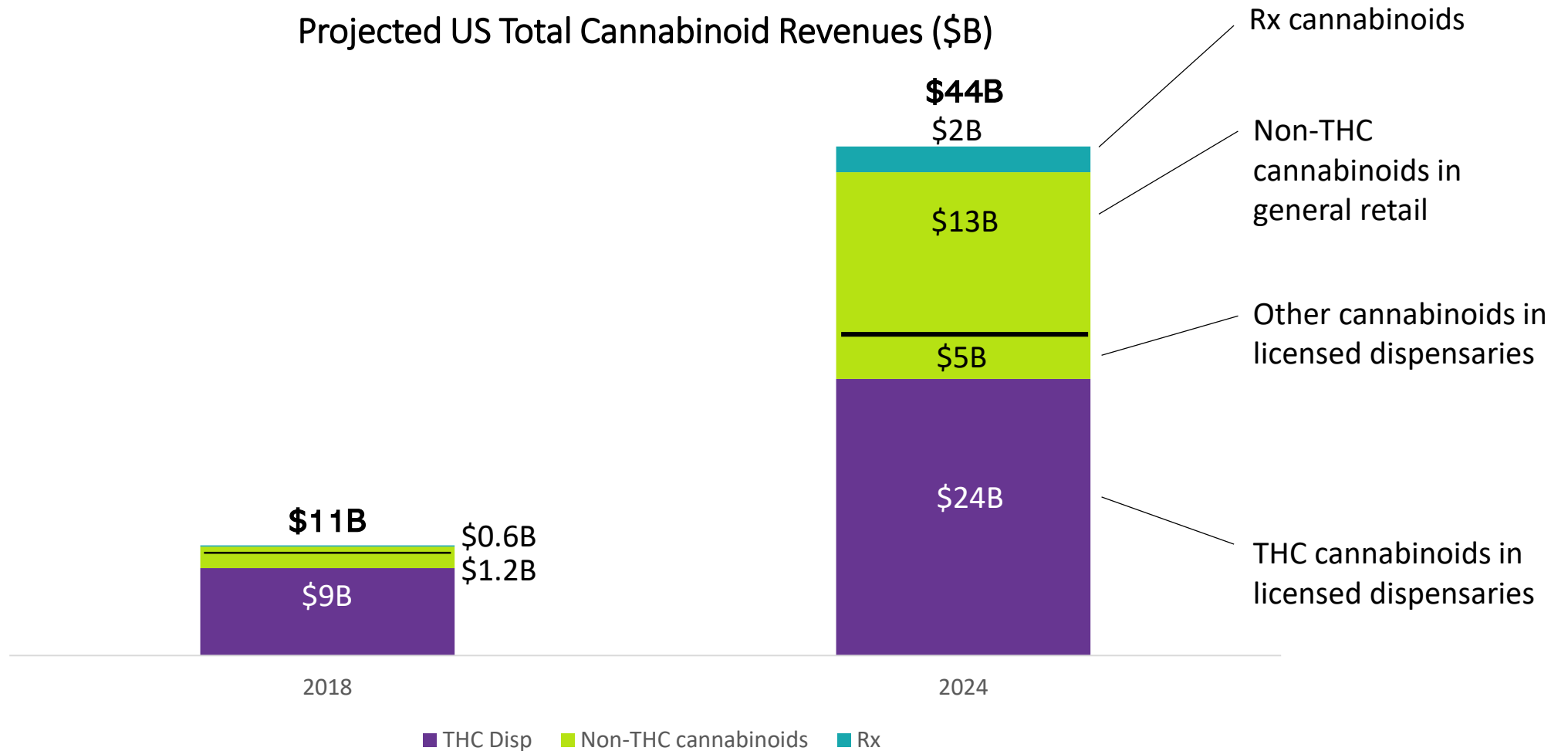
# We project dramatic growth driven especially by growth in general retail channels

BDS Analytics' Projected US Channel Drivers of cannabinoids sales growth (\$B)



Source: BDS Analytics CBD Market Monitor

# With cannabinoids like CBD crossing into General Retail, we project a ~\$44B US Total Cannabinoid Market in 2024

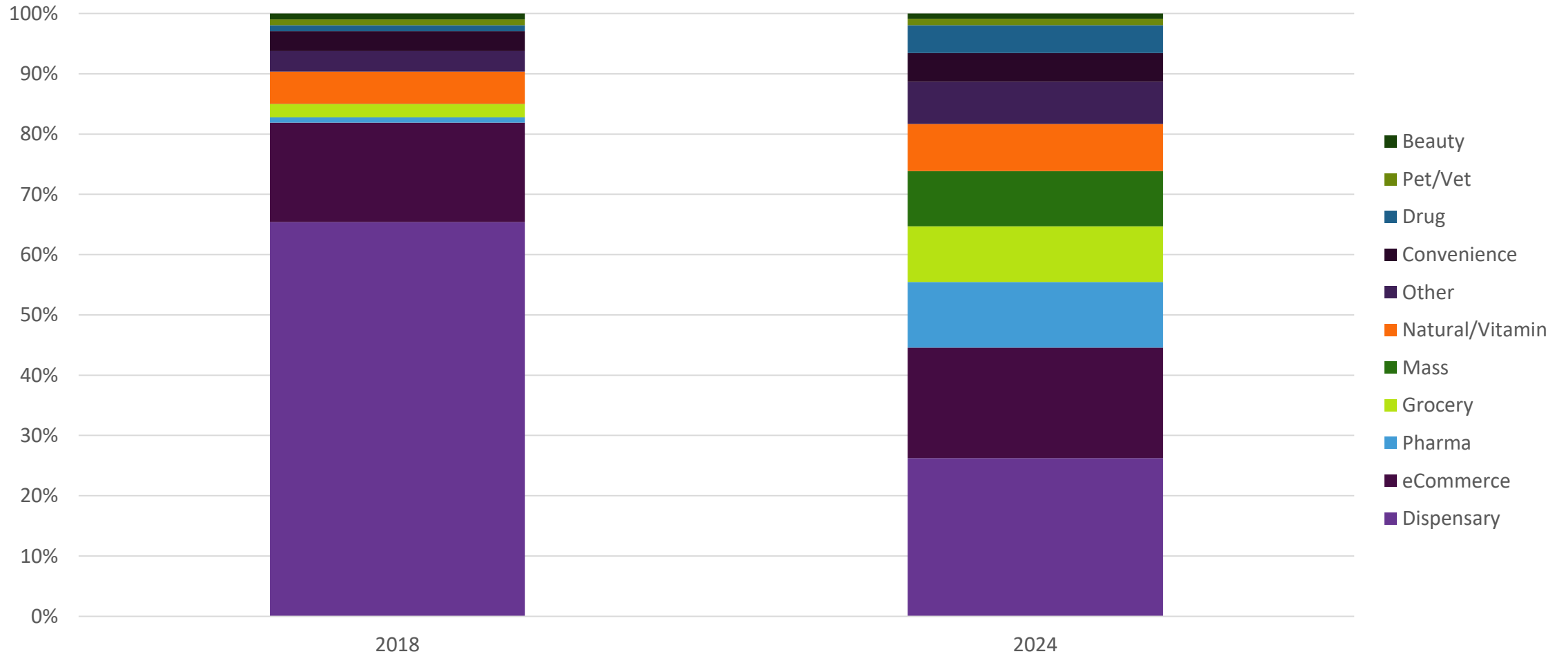


Source: BDS Analytics/Arcview Market Research



# In 5 years the retail picture will have changed dramatically

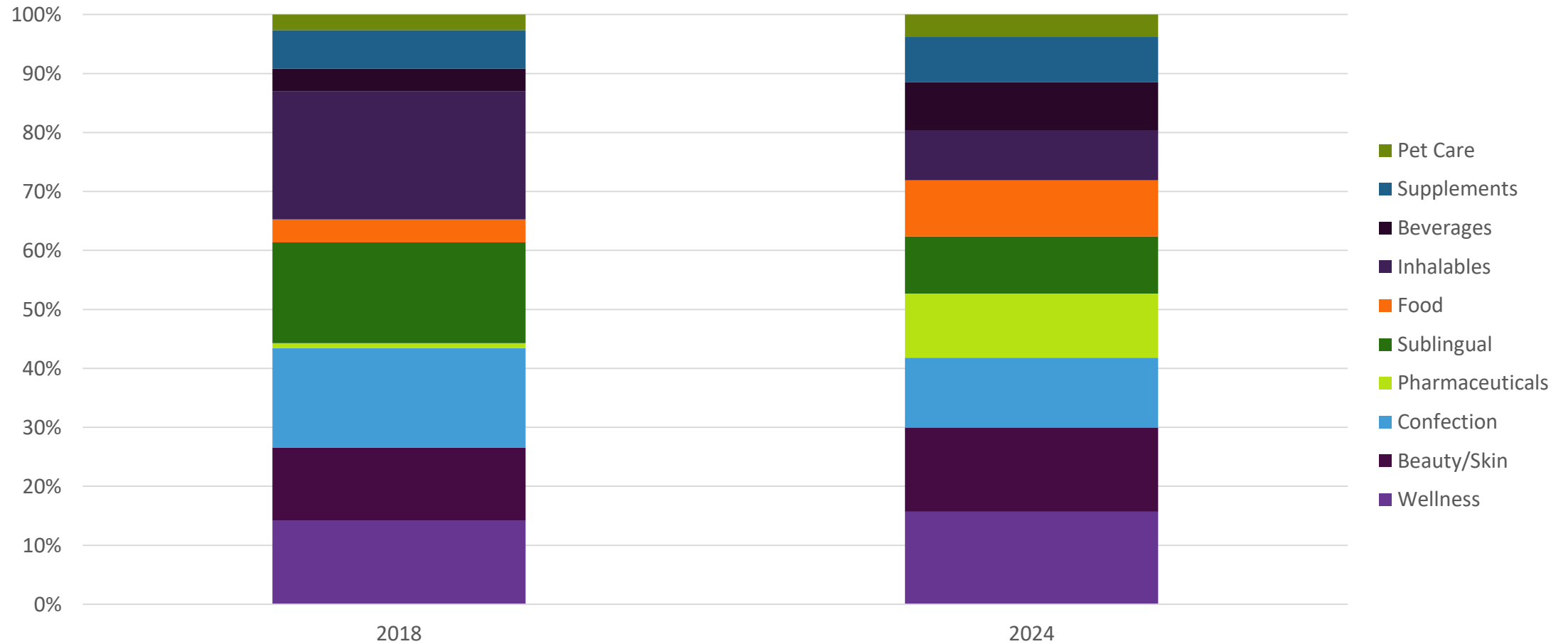
Total US CBD Market 2018 by channel: \$1.9 billion



Source: BDS Analytics/Arcview Market Research

# And CBD will have significant sales across numerous product categories

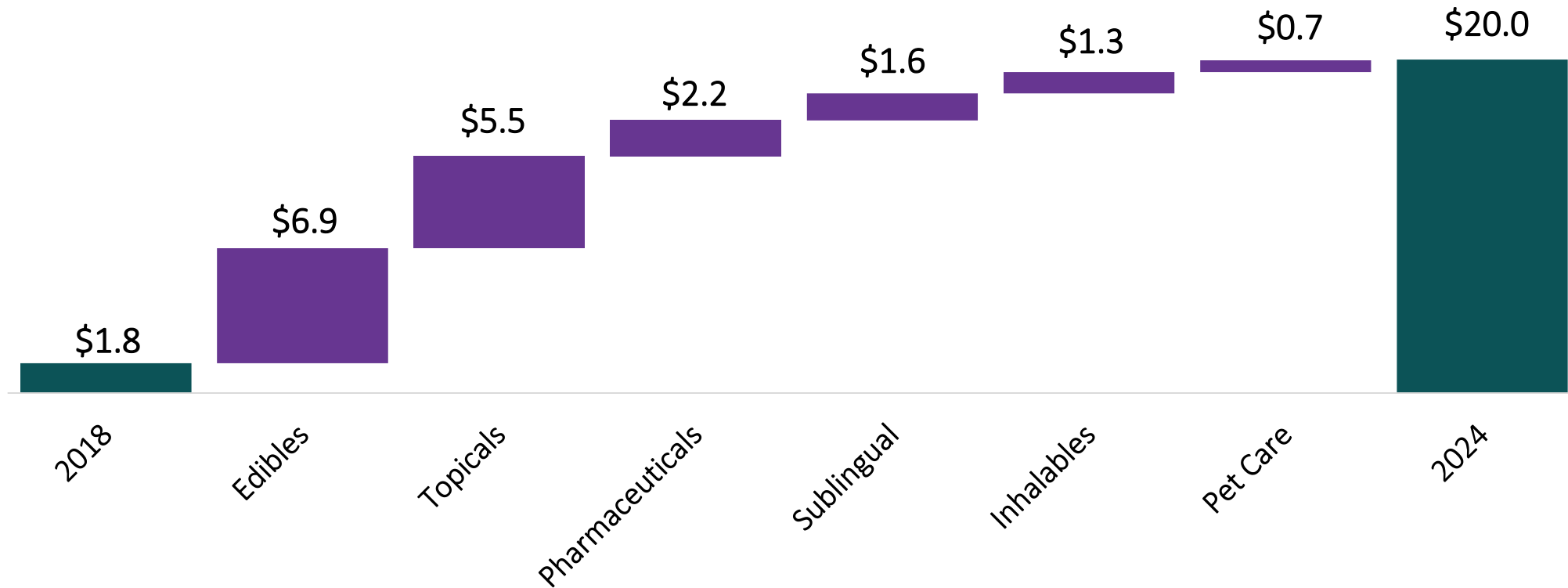
Total US CBD Market 2018: \$1.9 billion



Source: BDS Analytics/Arcview Market Research

# General Market Retail growth is driven by category growth; new and different product offerings within Edibles and Topicals

BDS Analytics' Projected US Category Drivers of Growth (\$B)



Source: BDS Analytics CBD Market Monitor

To understand the full opportunity over the next five years, we have assessed the landscape, overlaying categories and channels

## Product Categories:

- Wellness
- Beauty/Skin
- Confection
- Food
- Sublingual
- Beverages
- Supplements
- Inhalable
- Pet Care

## Retail Channels:

- Food
- Drug
- Mass
- Convenience
- Natural/Vitamin
- Ecommerce
- Dispensary
- Pet/Vet
- Beauty
- Other specialty

Source: BDS Analytics CBD Market Monitor

# What is next?

## CBD MARKET MONITOR

### AVAILABLE TODAY

#### BDS Analytics' CBD Market Monitor

On-going, dynamic, and drillable access to the most essential and complete CBD data and insights

## STRATEGIC PARTNERSHIPS

### MORE TO COME!

Key partnerships to solidify BDS Analytics' expertise and coverage in tracking the entire cannabinoid landscape, globally

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- ✓ Diverse needs drive diverse solutions & innovation opportunities
- ✓ Constantly evolving—*keep up*

# IT'S A NEW GAME.

What does that mean for  
your business?

Presented by:  
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