



# **CANNABIS CATEGORY PERFORMANCE REVIEW: SURVIVING & THRIVING**

**Kelly Nielsen**

**VP Insights & Analytics**

---

# **BDSA PROVIDES A COMPLETE VIEW OF THE GLOBAL CANNABINOID MARKET OF TODAY AND TOMORROW**



## **Retail Sales Tracking**

Know exactly what is selling where, when, and at what price point



## **Market Forecasts**

Gain a comprehensive understanding of market size and future opportunity



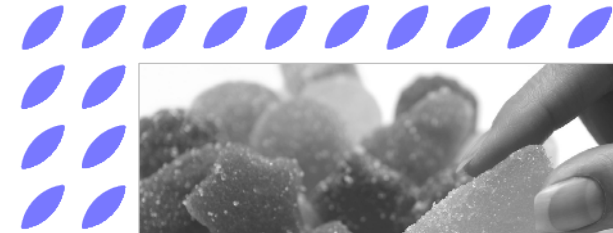
## **Consumer Insights**

Understand consumer (and non-consumer) segments, size, behavior, consumption patterns, purchase habits, and more

# LEGAL CANNABIS IS...



**Everyone**



**So.Many.Product.Forms.**

**Rapid Innovation**



**Mainstream**



# HOWEVER, IT IS ALSO...

**Confusing**



**Different than BevAI**



**Challenged**



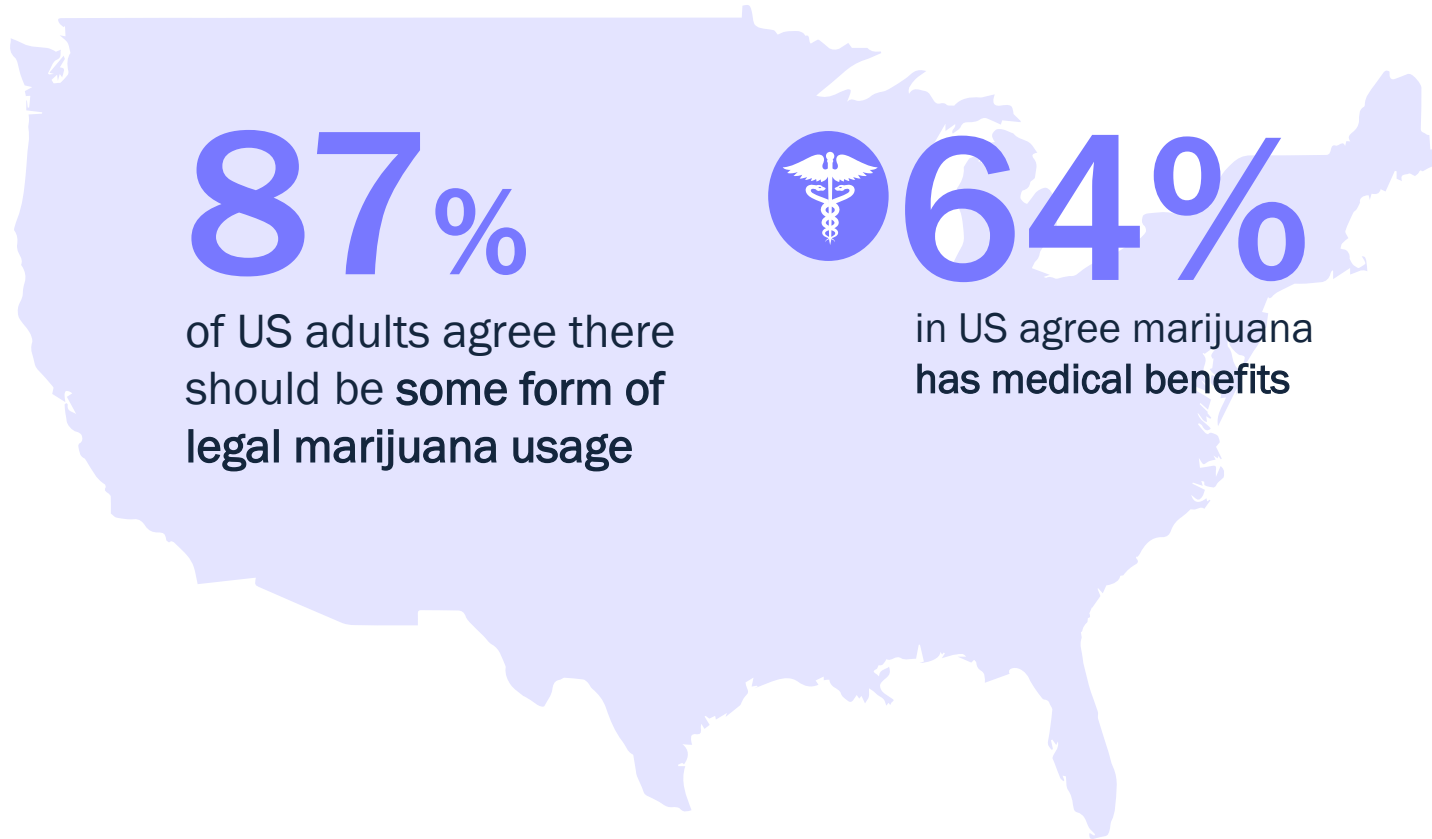
**Financial Stress**





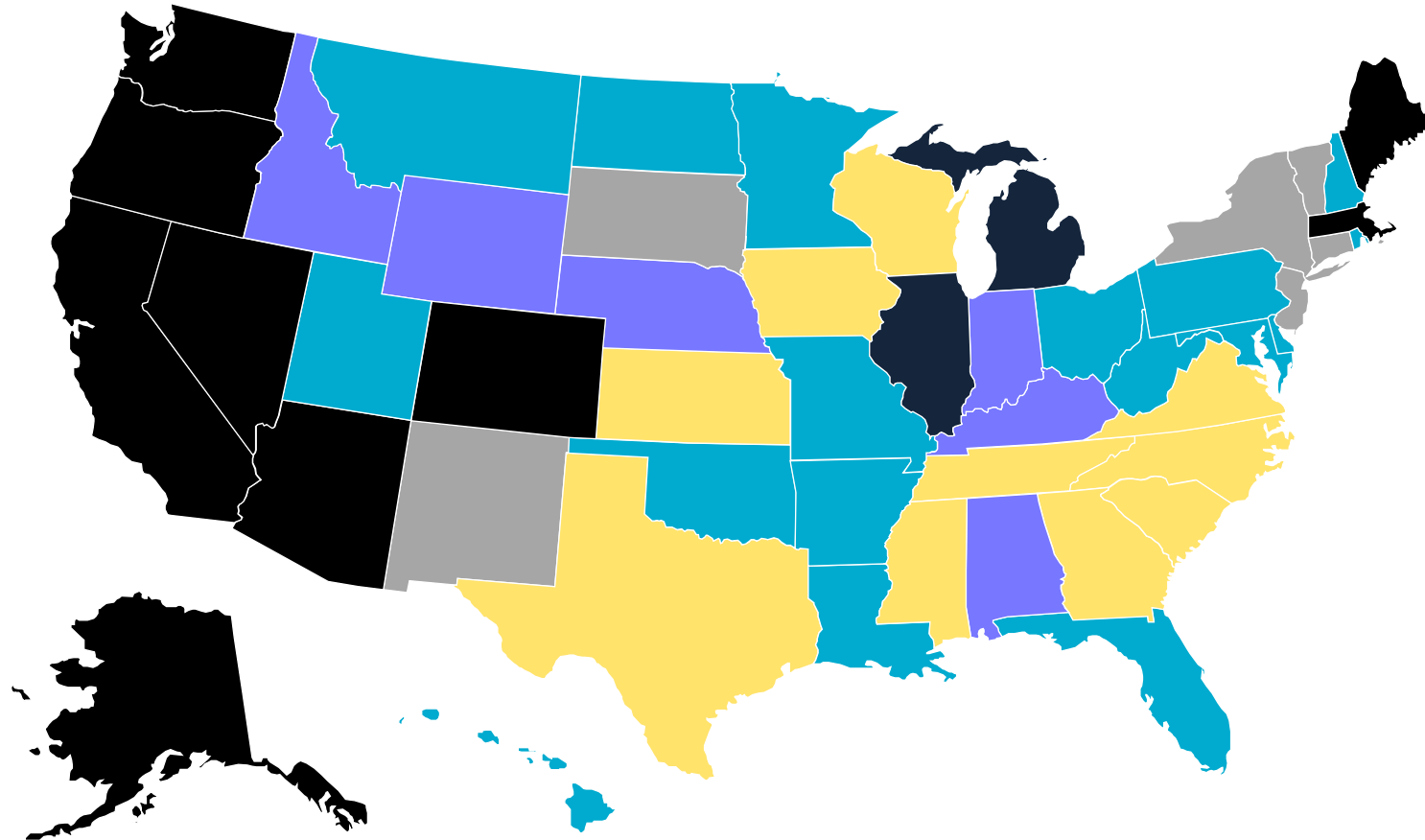
# **RECAP AND BDSA MARKET OUTLOOK**

# MAJORITY **AGREE** WITH SOME FORM OF LEGALIZATION



\*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+

# REGULATIONS LOOSENING ACROSS THE U.S.



## Fully Legal

**Fully Legal- Adult Use Not Yet Available**

**CBD Legal**

## Medical Legal

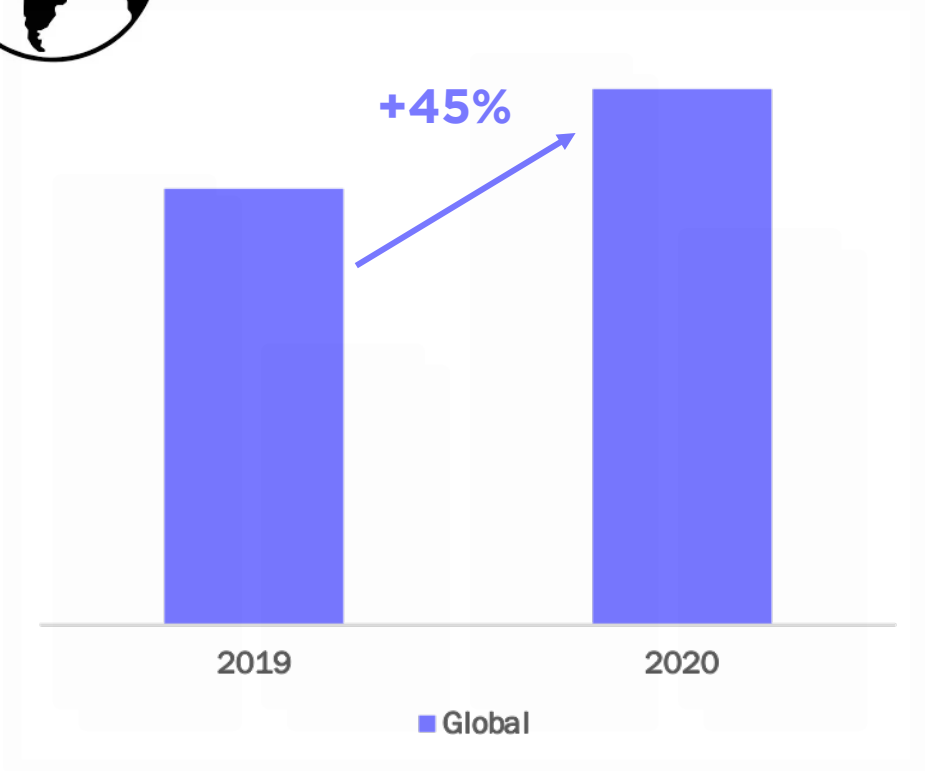
## Limited Medical

\*Source: BDSA Updated June 2021

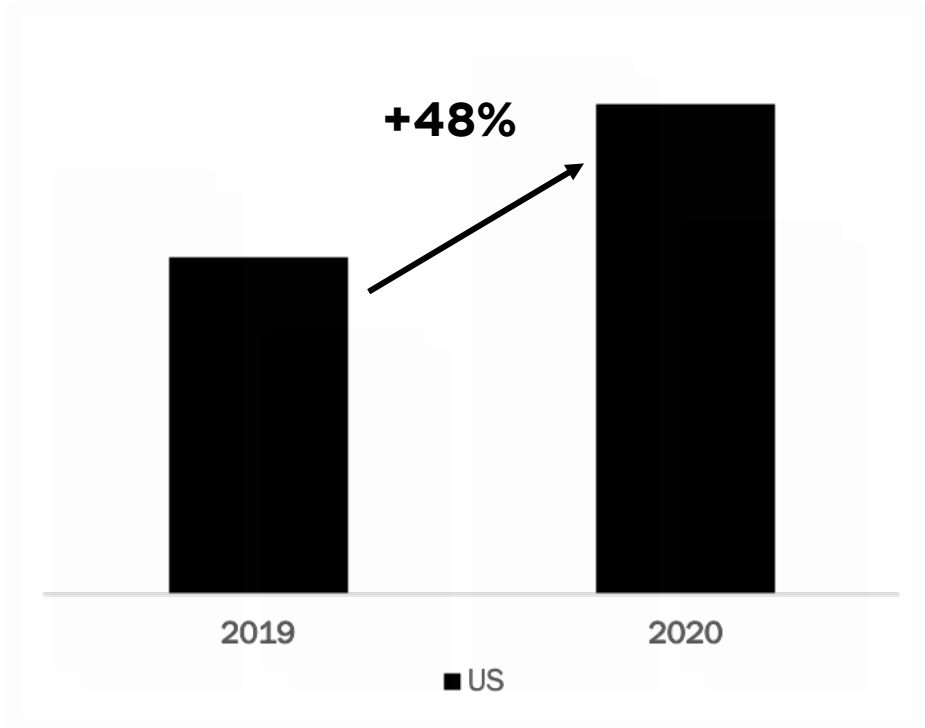
# 2020 FINISHED STRONG IN GLOBAL AND US MARKETS



BDSA Global Legal Cannabis  
2019 vs. 2020 Sales (\$)



BDSA US Legal Cannabis  
2019 vs. 2020 Sales (\$)

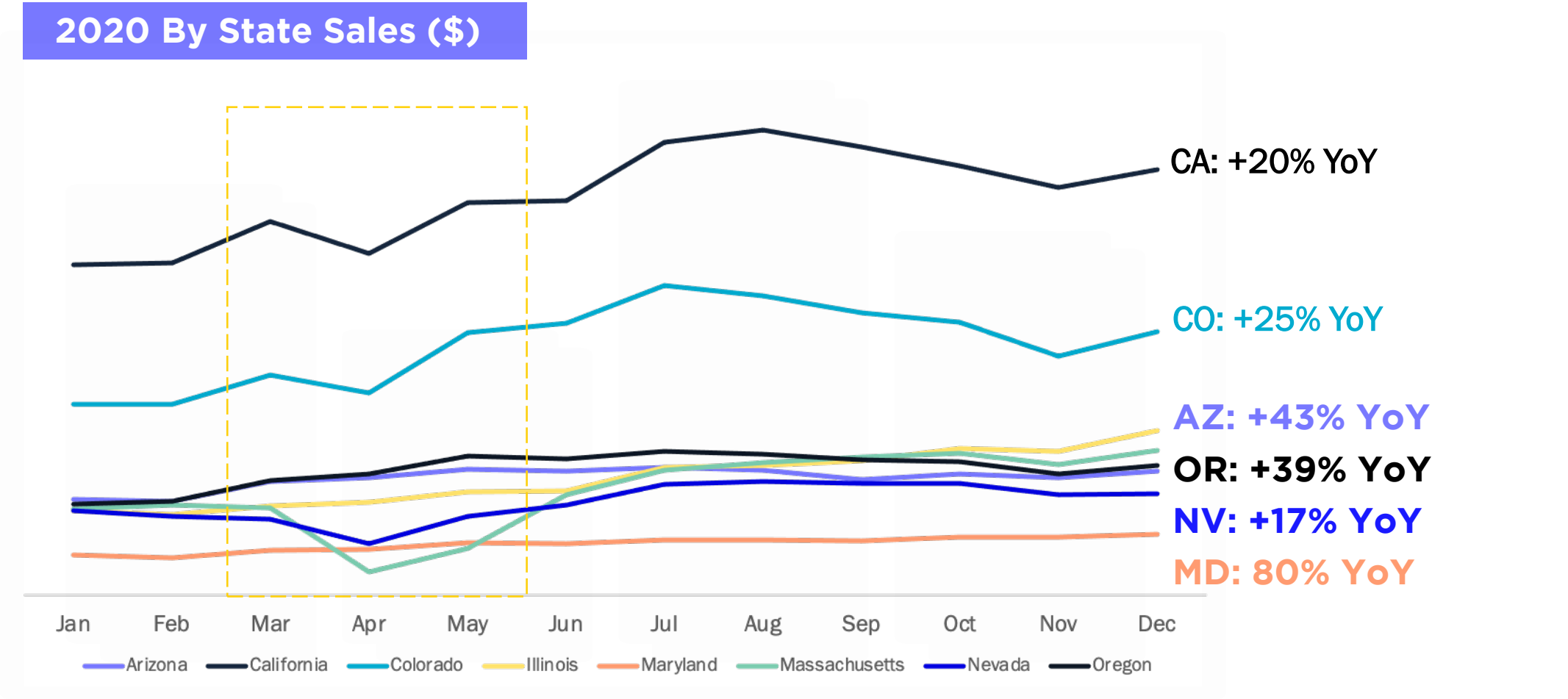


\*Source: BDSA Forecast, as of February 2021



# 2020 SALES TRENDS SIMILAR ACROSS BDSA TRACKED US MARKETS

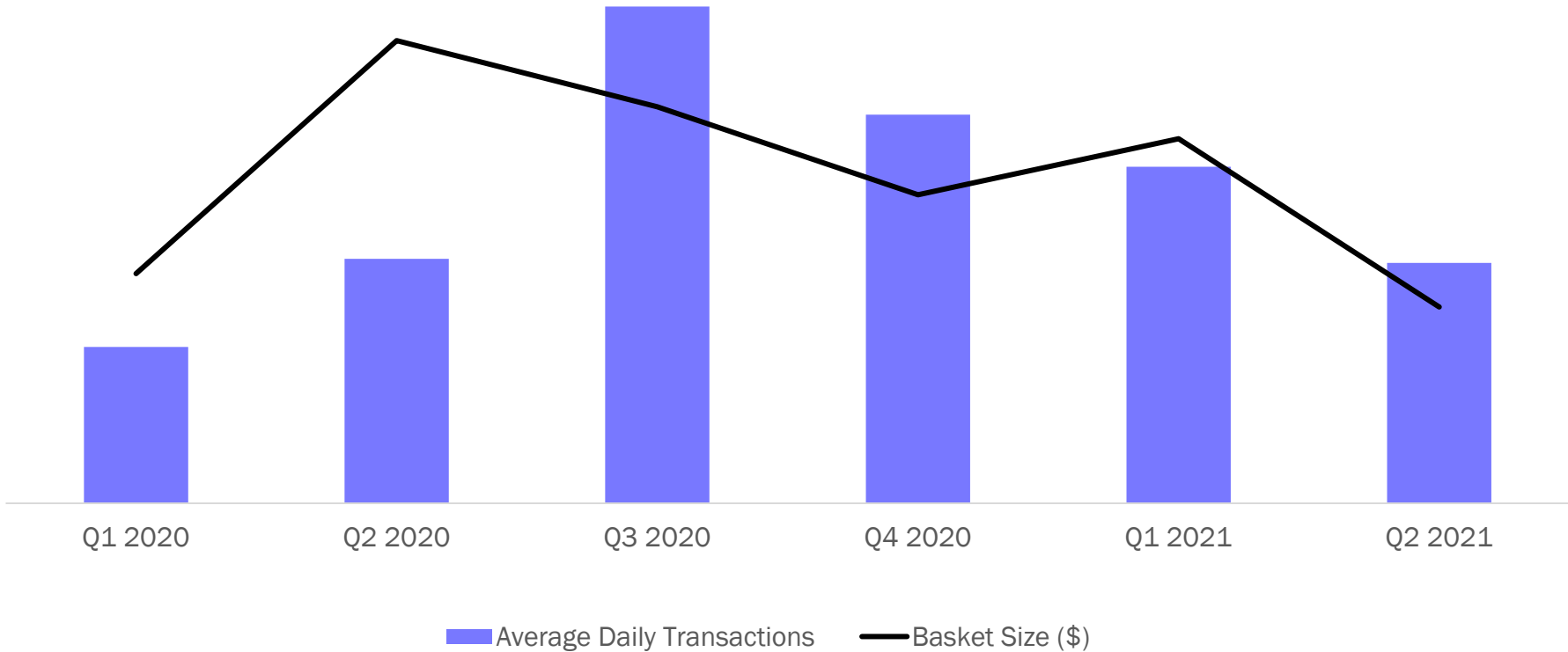
NOTABLE exceptions—the impact of stricter COVID regulations in NV and MA and the evolution of the newly adult-use legal market in IL



\*Source: BDSA US Retail Sales Tracking

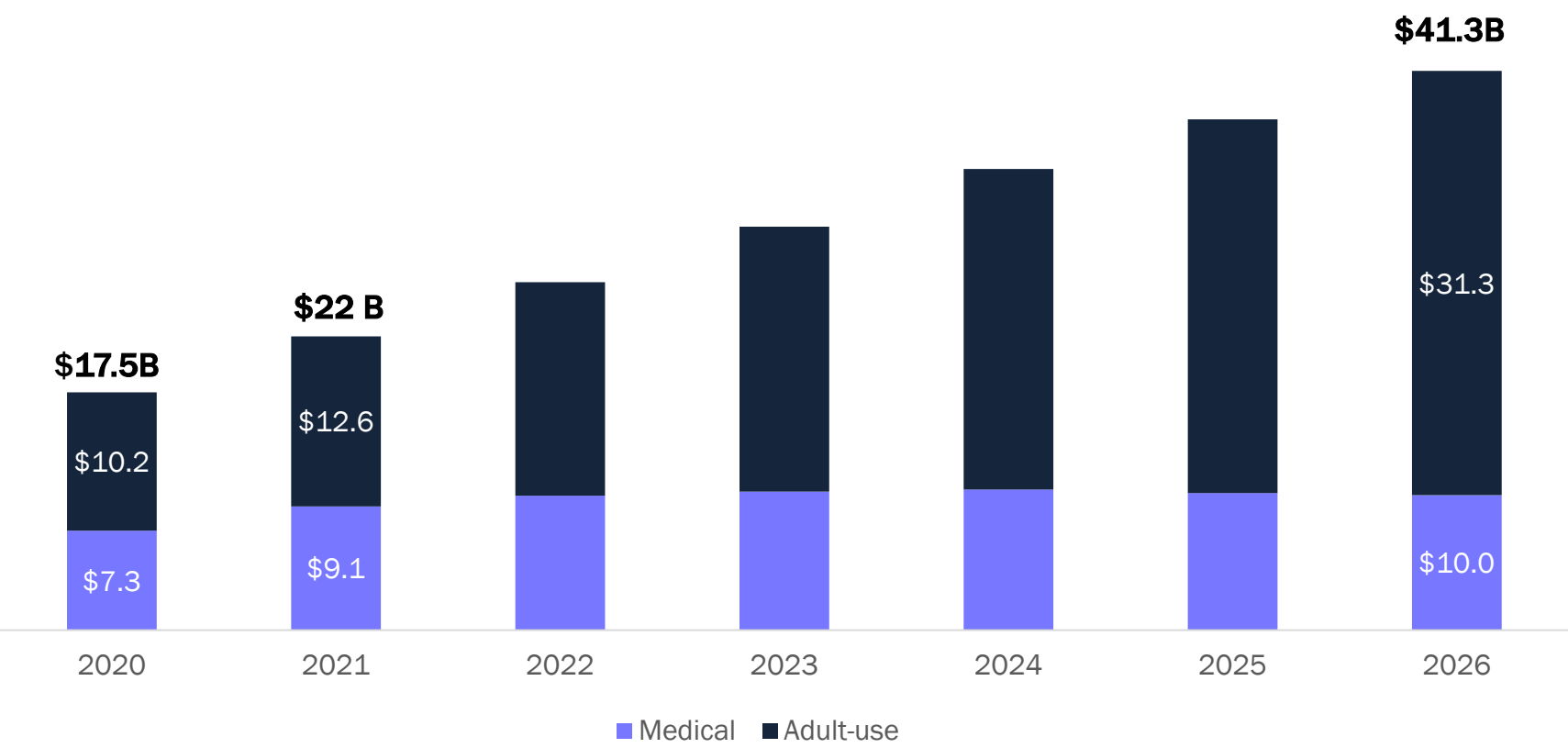
# STOCK UP IN Q2 2020 BUT MORE TRANSACTIONS AS THE YEAR WENT ON

BDSA Basket Analytics: Daily Transactions & Basket  
Colorado Q1 2020- Q2 2021



# BOOMING US MARKET DRIVEN BY US ADULT-USE

BDSA US Legal Cannabis Forecast (USD, Billions)



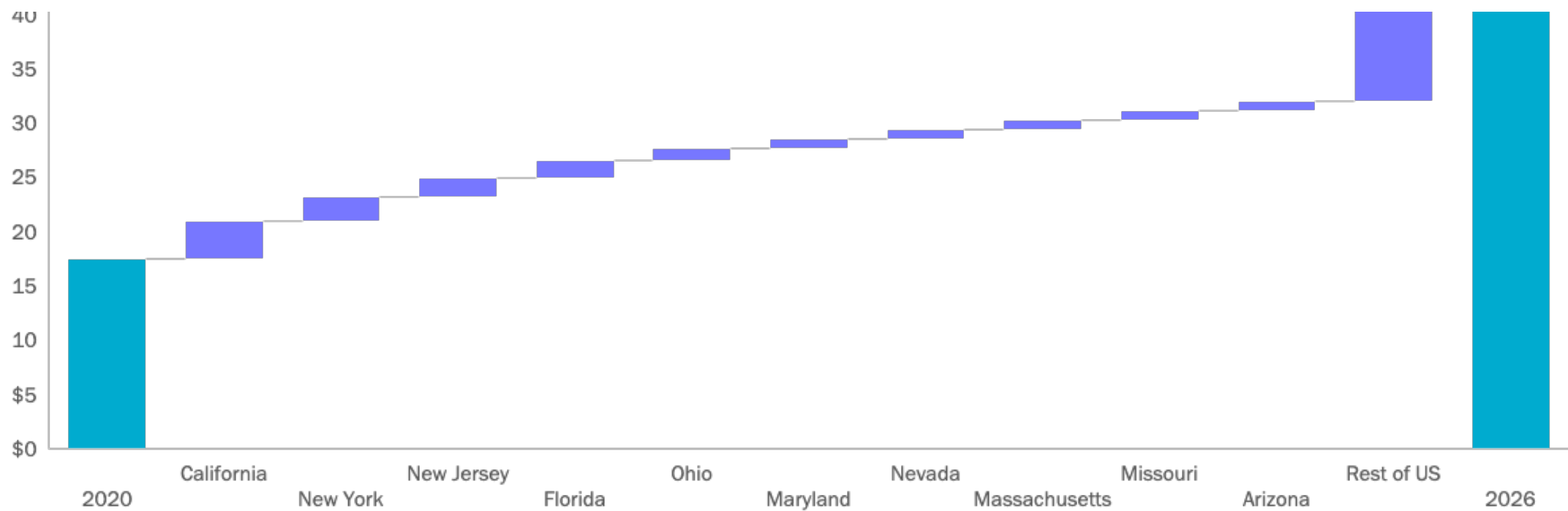
## BDSA Top 2026 US Markets

- 1. California
- 2. Colorado
- 3. Florida
- 4. New York
- 5. New Jersey

\*Source: BDSA Forecast, as of February 2021

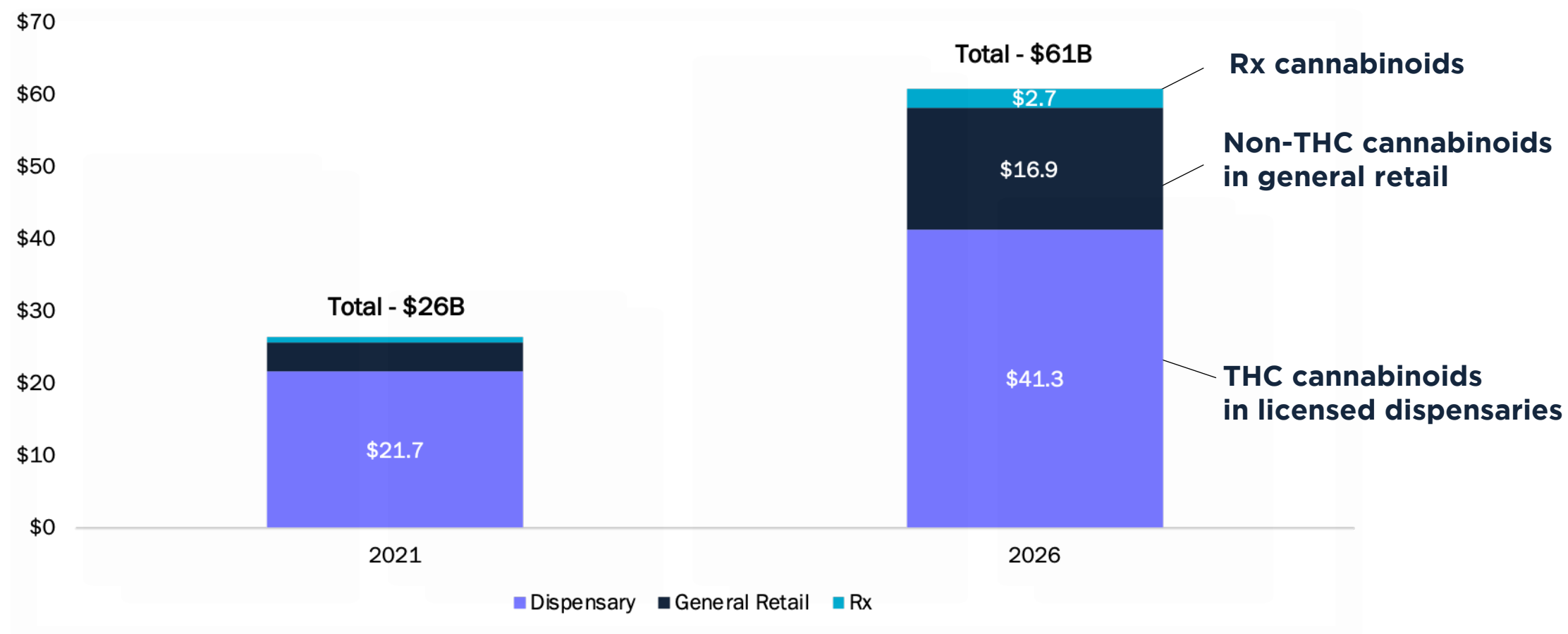
# EXISTING AND EXPANDING MARKETS WILL CONTINUE TO DRIVE U.S. LEGAL SALES GROWTH

BDSA US Legal Cannabis Forecast (USD, Billions)



\*Source: BDSA Forecast, as of February 2021

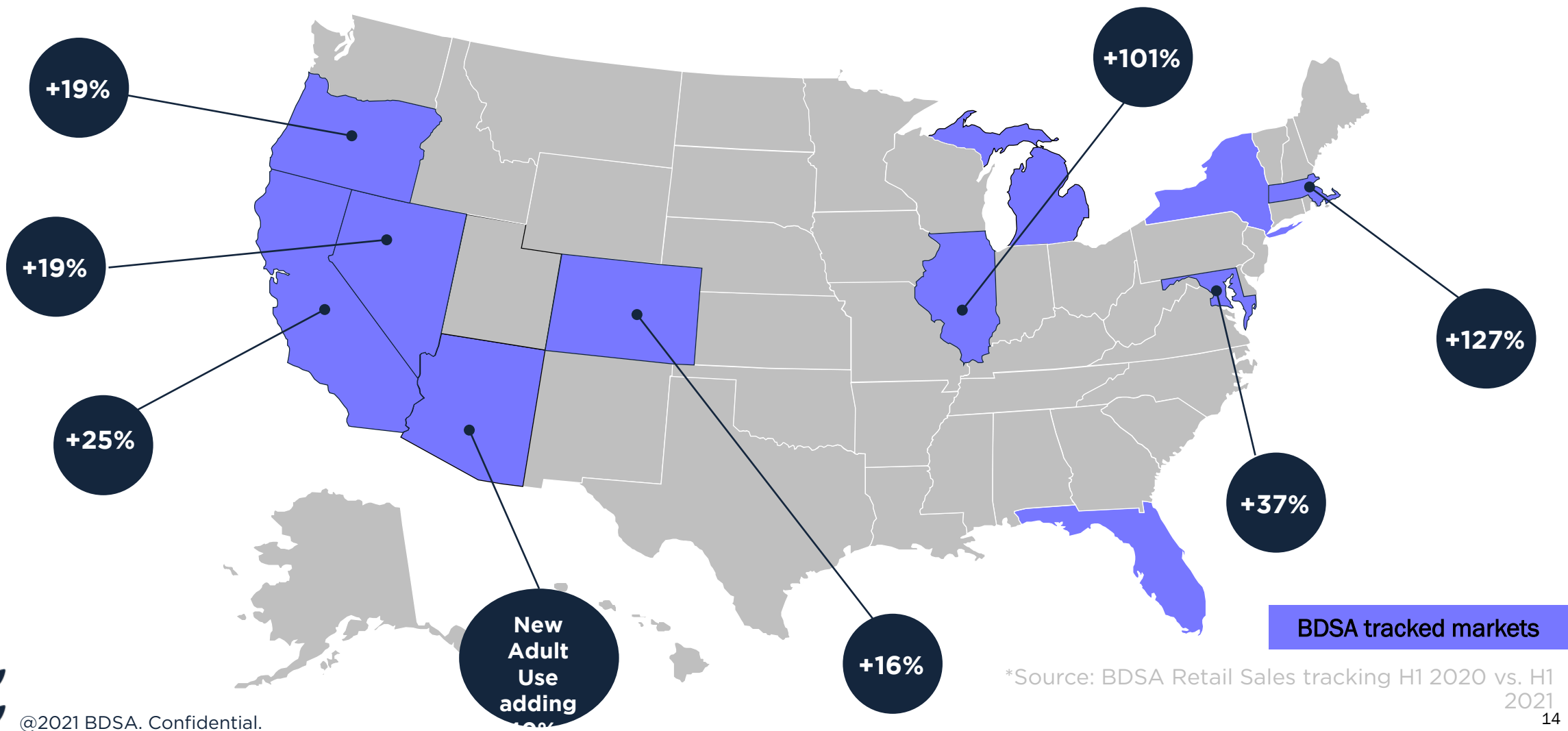
# WITH MAINSTREAM CHANNELS OPENING, BDSA FORECASTS A \$61B US TOTAL CANNABINOID (HEMP+MARIJUANA) MARKET IN 2026



\*Source: BDSA Forecast February 2021 and CBD Forecast Spring 2021

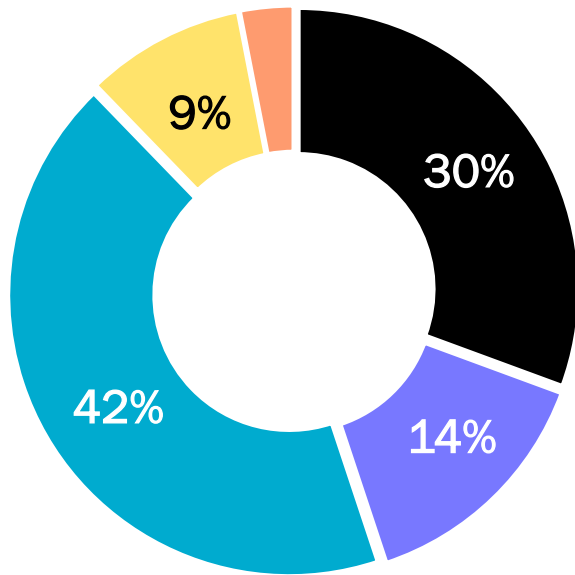
# 2021 IS SHOWING SUBSTANTIAL GROWTH

There has been substantial growth the first 6 months of the year in all BDSA tracked markets with year-over-year comparison; especially new Adult-Use markets such as Illinois, Massachusetts, Michigan, and Arizona.



# CATEGORIES: WHO IS WINNING?

Dollar Share by Category H1 2021



- Concentrates (Including Vapes)
- Flower
- Other
- Edibles
- Pre-Rolled

**+33%** Concentrates (including Vapes)

**+39%** Edibles

**+37%** Flower<sup>C</sup>

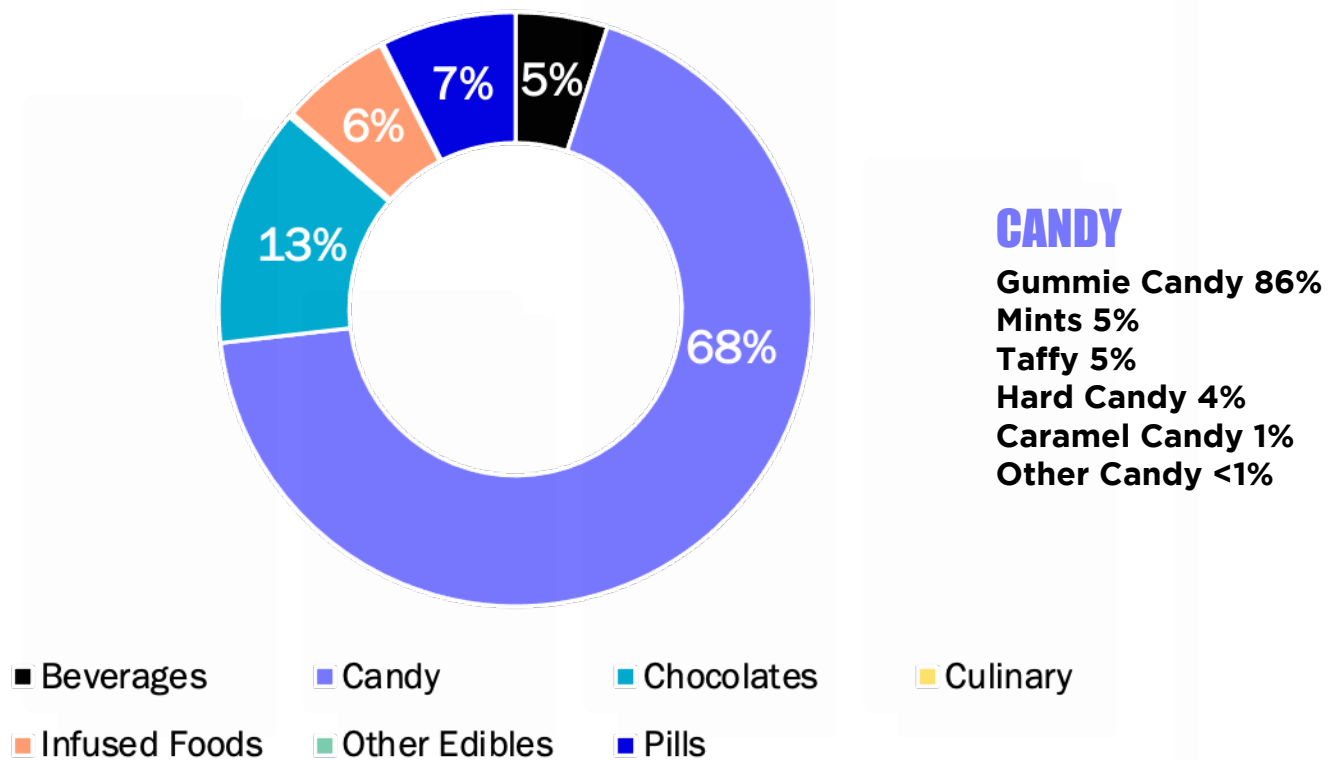
**+60%** Pre-Rolled

**H1 2021 Growth vs. H1 2020**

\*Source: BDSA Retail Sales Tracking; Growth reflected across AZ, CA, CO, IL, MA, MD, NV, OR

# US EDIBLES DOMINATED BY CANDY, DRIVEN BY GUMMIES

Dollar Sales Spend Edibles Category

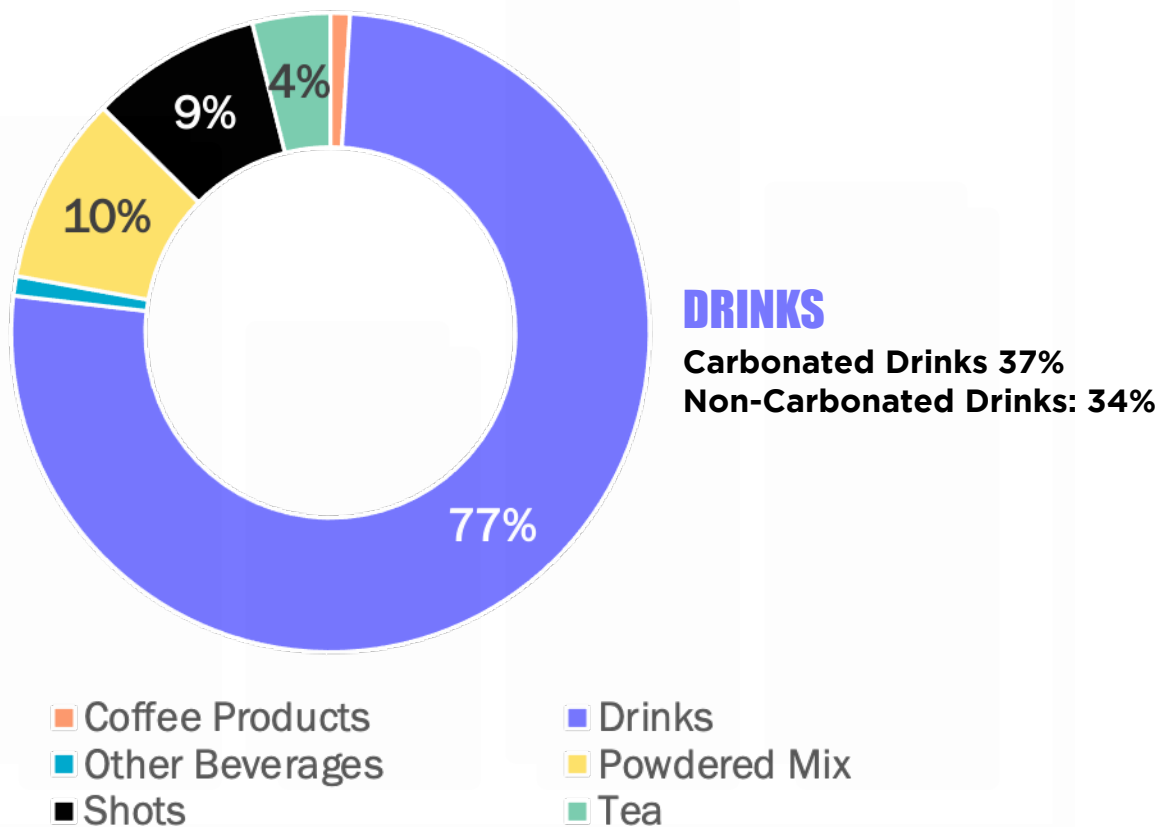


\*Source: BDSA Retail Sales Tracking; Growth reflected across AZ, CA, CO, IL, MA, MD, NV, OR



# US BEVERAGES DOMINATED BY DRINKS

## US Beverage Sales (Dollars)



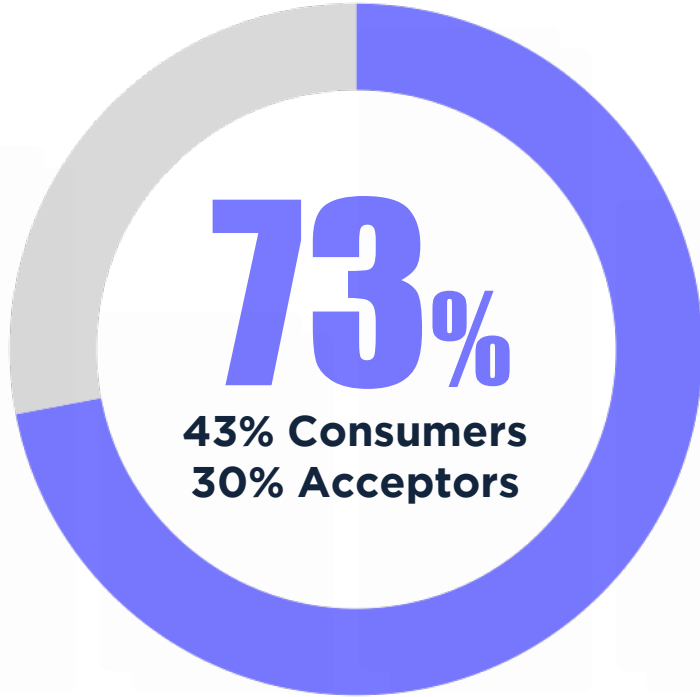
**+60%**

**Q1 2021 Total Edibles \$  
Growth vs. Q1 2020**



# THE CONSUMER EVOLUTION

# IN FULLY LEGAL STATES, ~75% OF ADULTS ARE “BOUGHT IN” TO CONSUMING



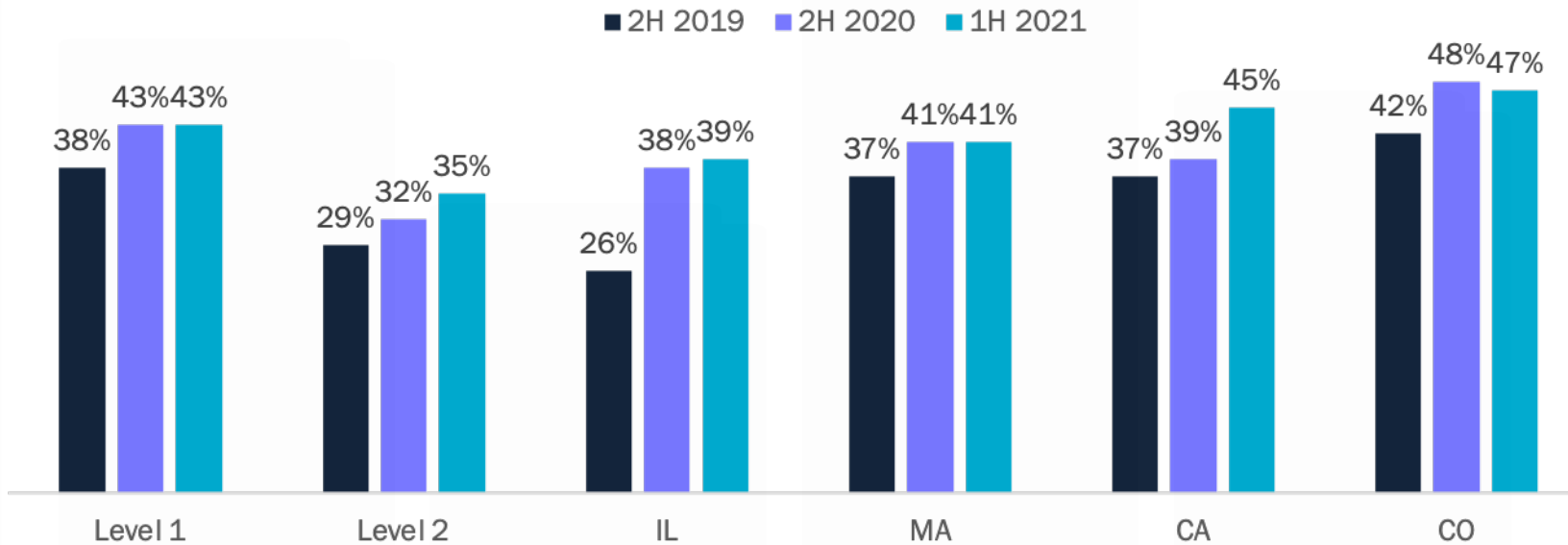
...of adults 21+ in fully legal U.S. states consume cannabis or are open to consuming cannabis

**26%** are Rejecters  
(would not consider in the future)

# THE CONSUMER POPULATION, EVEN IN MATURE MARKETS, GREW IN 2020

## Percent of Adult Population Who Are Cannabis Consumers

Consumers = Past 6 Months



### Important BDSA Consumer Insights Terminology:

**Consumer:** Adult who has consumed cannabis in the past 6 months

**Level 1:** Aggregate of fully legal adult-use states

**Level 2:** Aggregate of medically legal states

\*Source: BDSA Trending Consumer Insights, 2H 2019-1H 2021

# THE 'AVERAGE' CALIFORNIA CANNABIS CONSUMER IS EVOLVING

## More Females

**50/50** M/F

Spring 2020: 58/42 M/F

## More Parents (or Guardians)

**41%** W/ KIDS

Spring 2020: 35% W/KIDS

## Younger

**44%** <35YO

Spring 2020: 35% <35YO

## Still City Dwellers...

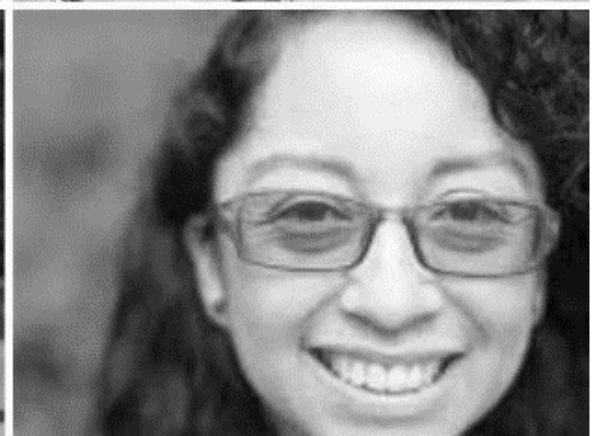
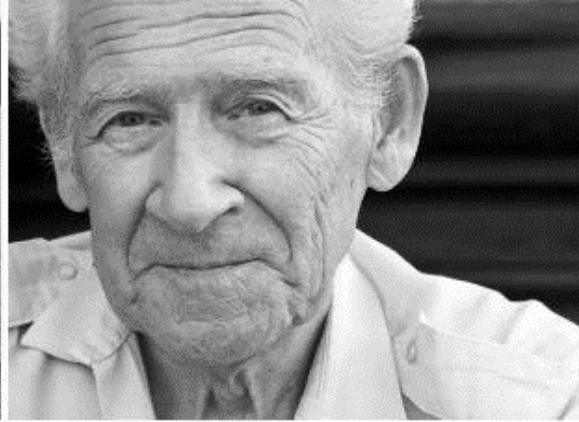
**84%** CITY/SUBURBS

Spring 2020: 87% CITY/SUBURBS

# BUT THERE IS NO ONE CANNABIS CONSUMER

## Cannabis Consumers Span:

- Generations
- Gender
- Socio & Economic Backgrounds
- Motivations
- Need States
- Benefits
- Premium / Luxury / Economy



# UNDERSTANDING THE CONSUMER & NON-CONSUMER SEGMENTS

## 4 Non-Consumer Segments



Complete Rejecters



Cautious Medical Supporters



Willing But Not Able



Legally Limited

## 6 Consumer Segments



Cannabis Advocates



Better Living Loyalists



Socializers



Recreationalists



Medically Motivated



Medical Misgivings

### BETTER LIVING LOYALIST

“I am a young, liberal male who lives in urban areas. I am an advocate for legalization and see the positive benefits it provides. I suffer from anxiety and believe cannabis can help me manage my anxiety and stress. I consume throughout the day to improve my quality of life. I also purchase frequently and buy products that are high in THC content.”

**= 9% Of Consumers!**



## OF CANNABIS CONSUMERS...

**70%**

**Consume Edibles**

**34%**

**Prefer Edibles**



# CROSS-CONSUMPTION IS VERY COMMON

OF INHALABLE CONSUMERS...

# 68%

## Consume Edibles

## TOP 3 FORMS



Gummies



Baked  
Goods



Chocolate

# CONSUMERS SEEK DIFFERENT BENEFITS BY PRODUCT FORMAT



## RELAX / BE MELLOW

#1 reported benefit  
of consumption for  
**Inhalable** consumers



## RELIEVE PAIN

#1 reported benefit  
of consumption for  
**Topical** consumers



## SLEEP BETTER

#1 reported benefit  
of consumption for  
**Edible** consumers

# LEGAL CANNABIS IS...

## Impacting BevAl



# EVOLVING US CANNABIS BEVERAGES



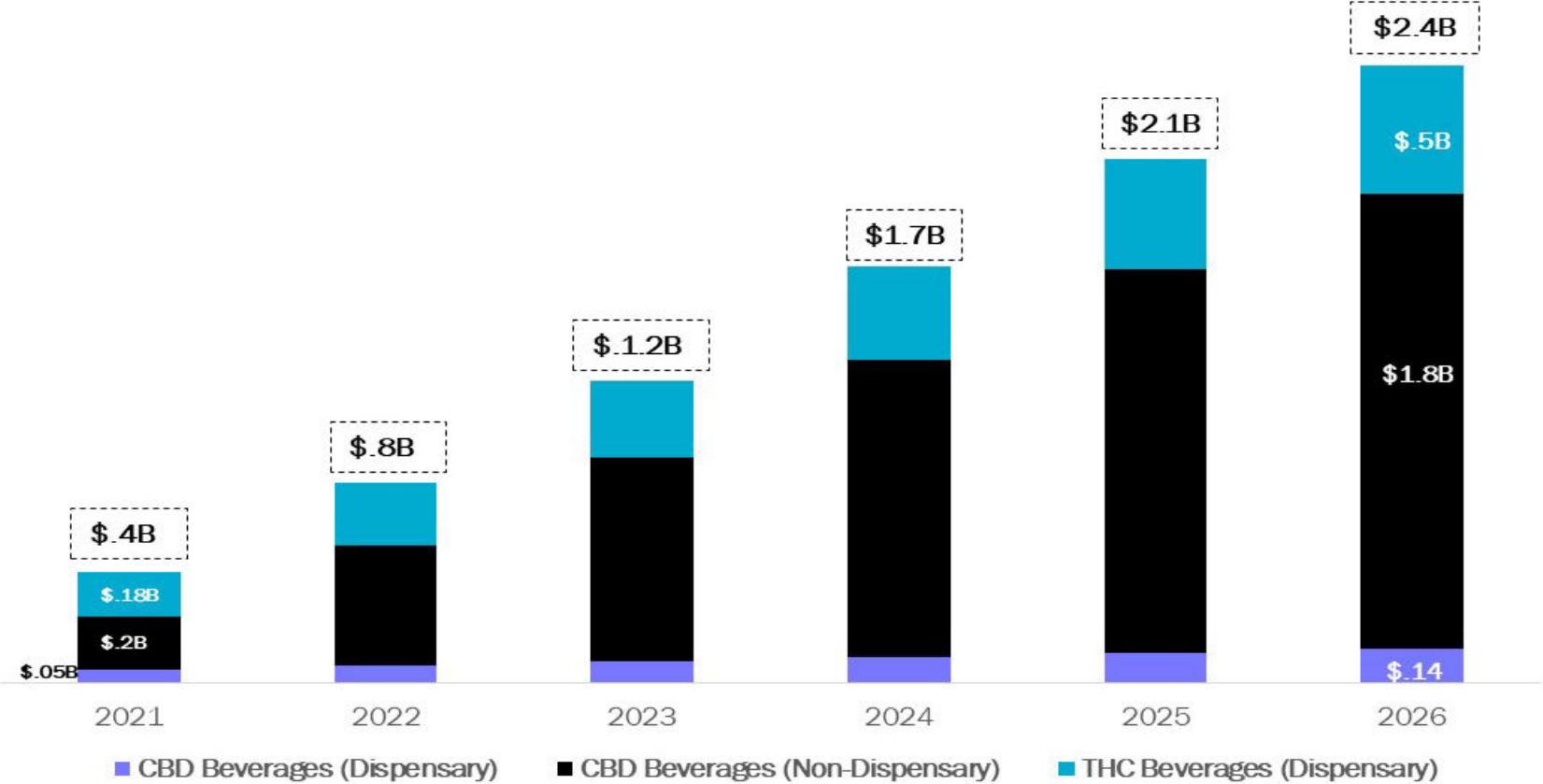
## Top Beverage Brand Q2 2021:

1. Keef Cola
2. Cann (CA)
3. PTS Tonic
4. Levia
5. Dixie

\*Source: BDSA Brand-Level Retail Sales Tracking, Dollar Sales 2021: AZ, CA, CO, IL, MA, MD, OR, NV

# THE TOTAL BEVERAGE CANNABINOID INDUSTRY IS EXPECTED TO EXPAND

## BDSA Cannabinoid Beverage Forecast (Billions USD\$)



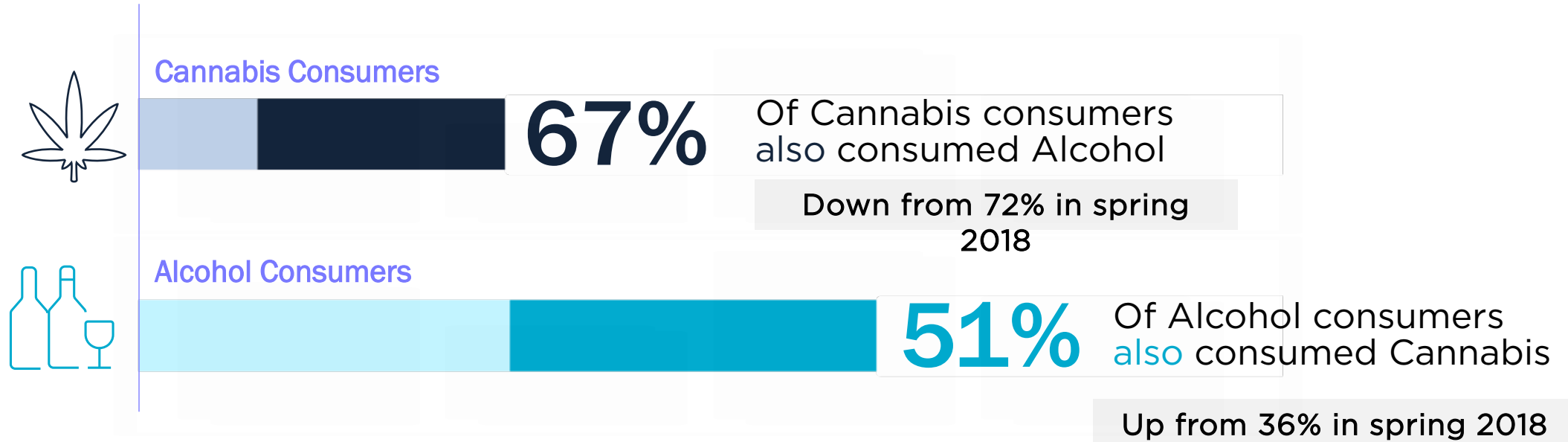
\*Source: BDSA Brand-Level Retail Sales Tracking, Dollar Sales 2021: AZ, CA, CO, IL, MA, MD, OR, NV

# THE LONG-TERM IMPACT IS INEVITABLE

Half of all alcohol consumer now consumer cannabis

## Q1 2021 Alcohol & Cannabis Consumption

### Past 6 months in Legal Adult-Use States



\*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

# CANNABIS AND ALCOHOL ARE GOOD FOR...

Different times of day  
or days of the week

53%

Same times of day  
or days of the week

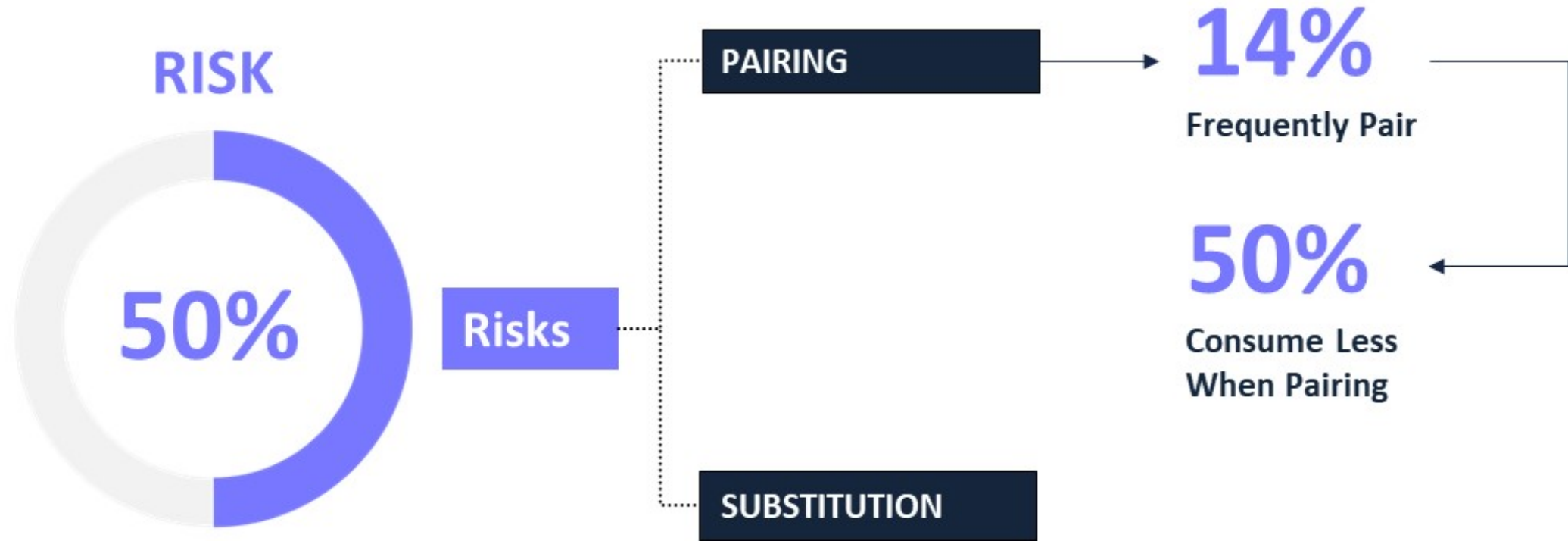
14%

Both

33%

Note: No shift since Q1 2020

# RISK OF CANNABIS AND ALCOHOL PAIRING

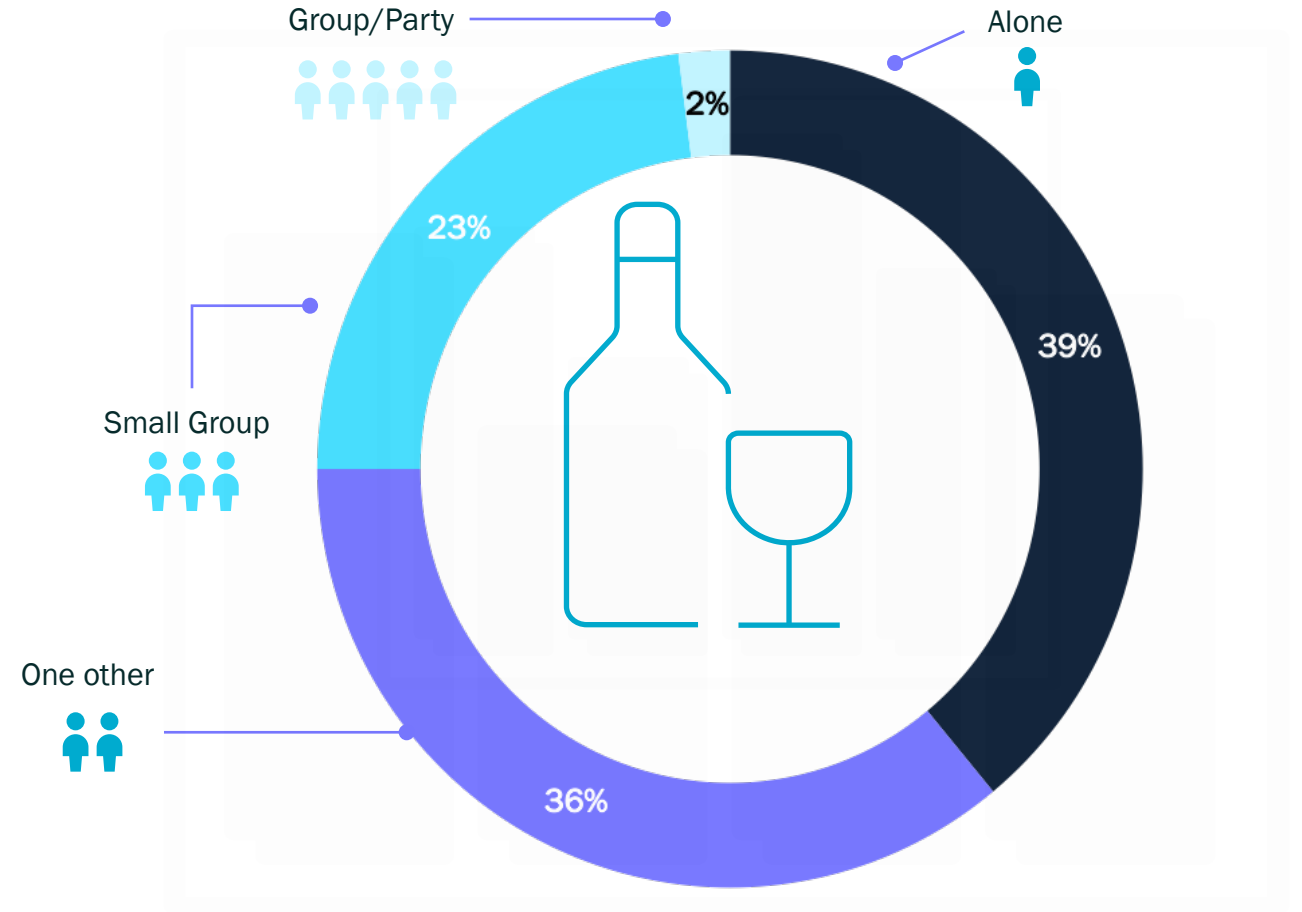


\*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States



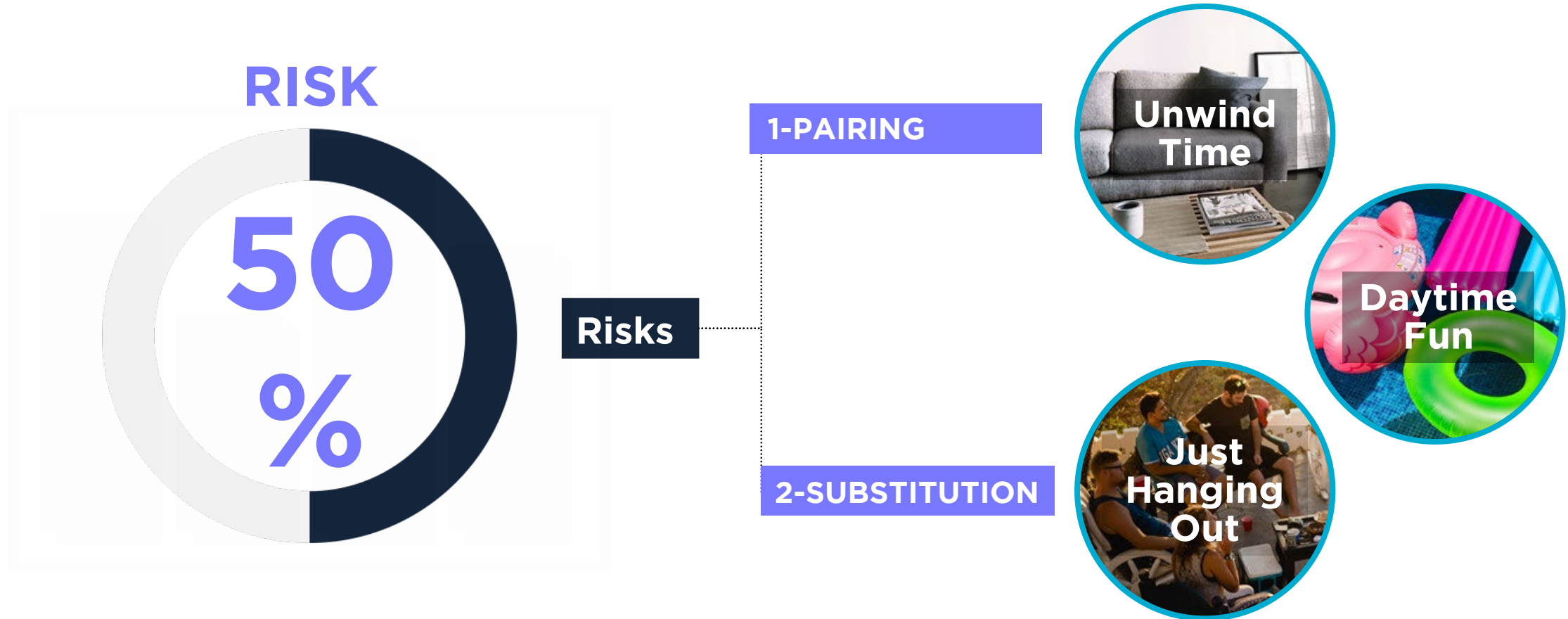
# PAIRINGS IS TYPICALLY A SMALL GROUP (OR SOLO) OCCASION

When consuming  
alcohol and  
marijuana  
together, you are...



\*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

# RISK OF CANNABIS AND ALCOHOL PAIRING



\*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

# WHAT'S NEXT...



- Legalization explodes in the next year—hCBD and Regulated Cannabis
- Innovation...
  - ... Will continue at an extremely rapid rate
  - ... Will become more sophisticated & targeted
  - ... Will incorporate new technologies & cannabinoids
- Consolidation Accelerates—the Big get Bigger
- E-commerce is here to stay
- More Mainstream “Non-Cannabis” Companies Become Cannabis Companies

**IT'S A NEW GAME.  
DATA. DEEPER.**

<https://bdsa.com/contact/>