



# ESSENTIAL CANNABIS INSIGHTS

MARCH 2022 VOL 5, ISSUE 3

## BDSA Expects Markets to Experience a 50% Increase in Daily Sales This 420 Holiday

Spring is here and we all know what that means in the cannabis industry: 420 is just around the corner! After softening sales in Q4 2021 and the first months of 2022, BDSA predicts that the 420 holiday will be the biggest day for cannabis sales so far this year.

**With 420 falling on a Wednesday in 2022, the holidays impact on sales is expected to be greater than in the past two years.**

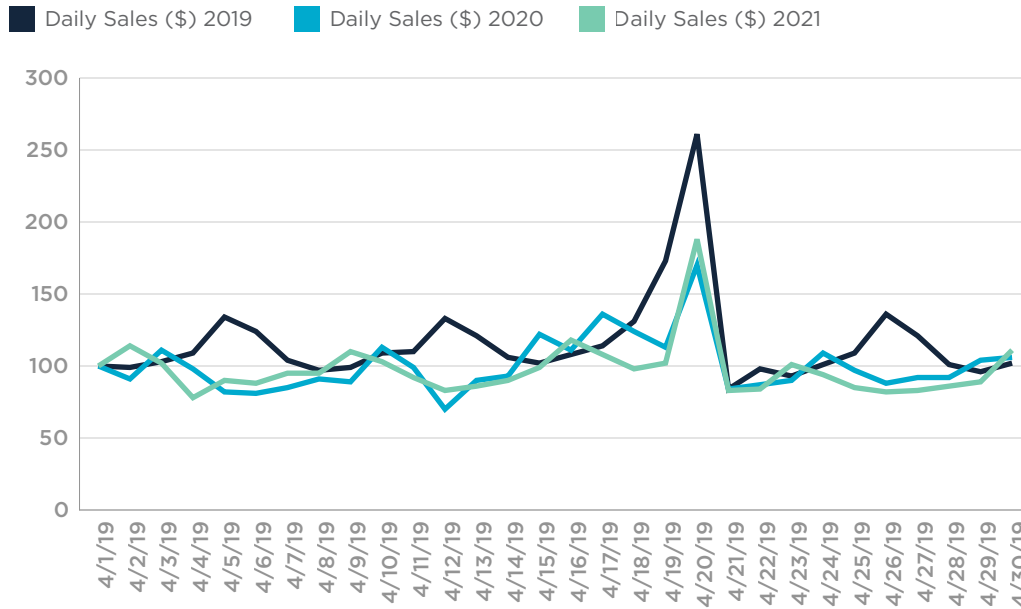
The boost in dollar sales seen around the 420 holiday was significantly higher in 2019 compared to 2020 and 2021. While the pandemic was undoubtedly a factor, 420 fell on a Monday in 2020 and a Tuesday in 2021, the two days of the week with the lowest daily sales according to historical BDSA Retail Sales Tracking data.

420 coming on a Wednesday this year will drive a higher sales boost on the 420 holiday itself, and BDSA predicts that daily sales on 420 in Mature Markets will total 50% higher than the average daily sales for April.

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## Indexed April Dollar Sales per BDSA Retail Sales Tracking, California, 2019-2021



Source: BDSA Retail Sales Tracking, California, April 2019; 2020; 2021

### Consumption occasions have trended away from social events and celebrations during the pandemic, but 420 deals will still drive up in-store traffic and basket sizes to boost daily sales higher than any day in 2022 so far.

BDSA Consumer Insights data show that the share of Consumers who claim to consume during special events or celebrations fell from ~60% in Fall 2019 to ~40% in Fall 2021, while the share who claim to consume during small get-togethers also fell from ~70% in Fall 2019 to ~50% in Fall 2021. While Consumers still may not feel ready for pre-pandemic style 420 ragers, it's worth noting that relaxing and unwinding have always been the most popular occasions for cannabis consumption.

The retail promotions and sales offered around 420 are a big draw across the consumer base, as "low price" is consistently a top three influencer of product choice, as well as a top three most important factor for Consumers when choosing where to shop for cannabis. With Americans contending with higher prices for a wide range of other goods, from fuel to groceries, Consumers are even more likely to take advantage of 420 promotions by stocking up on the stoniest holiday of the year.

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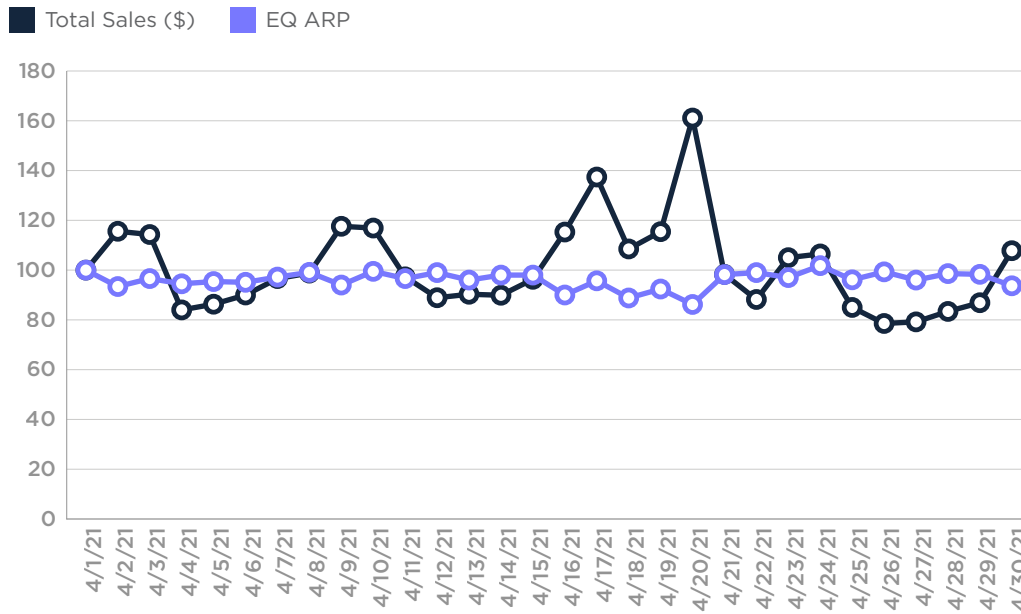
## 420 presents a huge opportunity to boost dollar sales through pricing promotions.

The days around the 420 holiday historically see average retail prices driven down by promotions and discounts, but these lower prices are offset by increased foot traffic unit sales and dollar sales. BDSA Retail Sales Tracking data from Colorado in 2021 show that April 16–20 saw the lowest Average Retail Prices, but also the highest daily dollar sales of any days of the month.

Given the market conditions, and general economic conditions, we can see some retailers offering more heavily discounted products this year than in past years. Expect average retail prices on the 420 holiday to fall as much as 15% from average retail prices on other days in April.

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### BDSA Retail Sales Tracking: April Sales vs. Average Retail Price, Colorado 2021



Source: BDSA Retail Sales Tracking, Colorado, April 2021

## Count on seeing a boost across all product categories, with the beverage subcategory making a breakout performance in sales this year within the edible category.

While sales volumes and total dollar sales will be driven upward during the days around 420, the source of these increases will not change compared to the category share during a regular week. With this in mind, it's important that retailers have the right assortment of products leading up to the peak sales days around the 420 holiday.

When looking across subcategories, beverages have seen the largest percent growth of edible share of any edible subcategory in the past year. While retailers should have an assortment of flower, concentrate, and candy products, expect beverages to play a bigger role in this year's 420 celebrations.

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