

2019 CANNABIS INDUSTRY STUDY



ABOUT THIS STUDY:

This marks the first Cannabis Industry Study TrendSource has produced and, while it may strike some as unexpected, this makes perfect sense. We have long been experts in retail, CPG, food service, grocery, and convenience store verticals and, as the cannabis industry advances towards legalization, its intersections with these industries are increasingly vast and profitable.

Our 2018 Cannabis Industry Report isn't about the industry in isolation, it's about the way it is already impacting consumers' perceptions of retailers, manufacturers, grocers, and restaurants. To what extent are consumers comfortable with these

industries incorporating cannabis into their products and services, what is the best way for these industries to go about it, and how can they do so without alienating a portion of their consumer base? What kind of products do consumers want to see, who do they want to buy them from, and what kind of advertising will be most effective?

These are the types of questions we set out to answer in this first report, which we see as a baseline as we embark on further study. So, without further ado, let's proceed with the 2019 Cannabis Industry Report.

ABOUT TRENDSOURCE

TrendSource is a full-service market research and strategic consulting firm based in San Diego, California. We work with some of the top retailers, manufacturers, and grocers in the world to help grow their business, offer support for entering new markets, integrate new marketing materials, work to improve customer service standards, and validate promotions and previous work. Contact us about developing a custom plan for your market research needs.

TREND**SOURCE**
TRUSTED INSIGHT

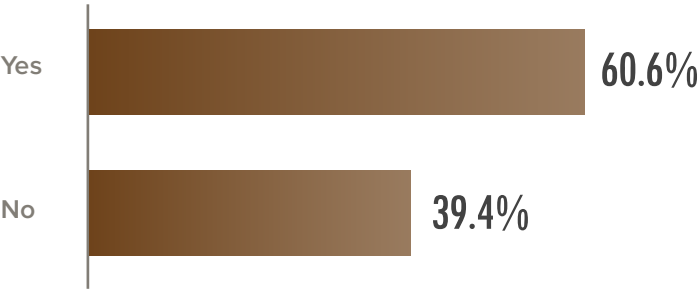
www.trendsource.com

MEDICINAL AND RECREATIONAL LEGALIZATION

Right off the bat, we wanted to know how consumers felt about cannabis’s current and future legal status in the US.

DO YOU THINK CANNABIS SHOULD BE LEGAL FOR RECREATIONAL USE?

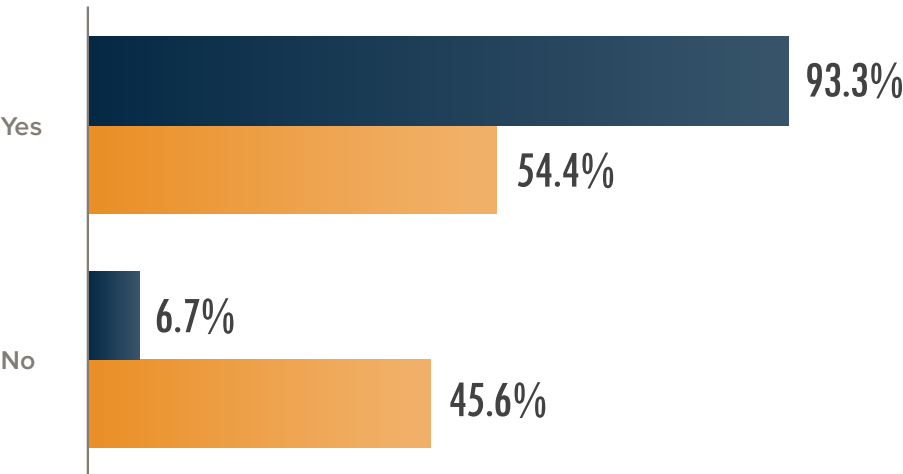
OVERALL



When we asked our respondents if they believe cannabis should be legal for recreational use, we found a 60-40 split in favor.

Moving through this report, it might be easy to lose sight of these numbers, but for all the talk of current users and non-users, brand perceptions, and social perceptions, it is important to remember that a clear majority of our respondents favor, in spite of their personal relationship to cannabis, recreational legalization.

CANNABIS USER? ■ Yes ■ No



Even more interestingly, perhaps, is the fact that 54.4% of current non cannabis users still nonetheless favor legalization. And, in breaking news that would shock nobody, 93.3% of current cannabis users similarly favor recreational legalization.

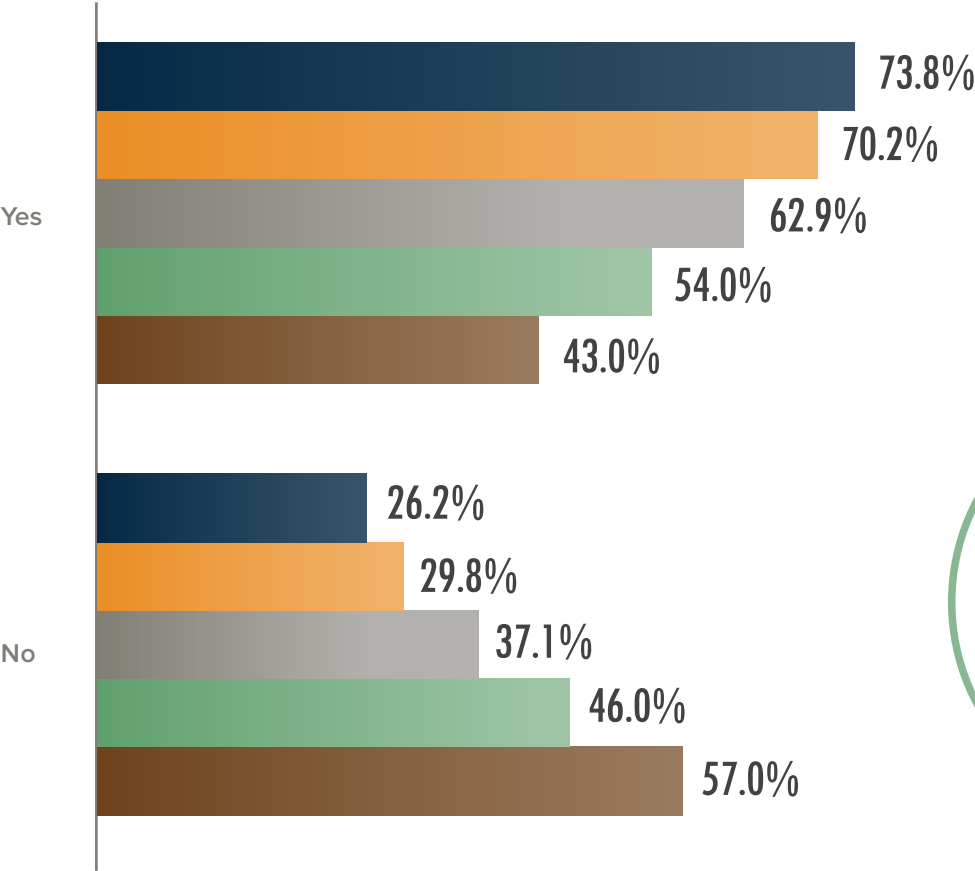


“ It is important to remember that a clear majority of our respondents favor recreational legalization.

MEDICINAL AND RECREATIONAL LEGALIZATION

DO YOU THINK CANNABIS SHOULD BE LEGAL FOR RECREATIONAL USE?

BY GENERATION ■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent



And wow, generational segmentations reveal some truly stark differences in these attitudes. A thirty-point gap characterizes the difference between millennial 1’s aptitudes about recreational legalization (73.8% favor) and those of the silent generation (57% oppose).

In fact, there is an inverse relationship between consumers’ age and their favor of recreational legalization.

The numbers were even more striking when it came to medical legalization.

MEDICINAL AND RECREATIONAL LEGALIZATION

DO YOU THINK CANNABIS SHOULD BE LEGAL FOR MEDICAL USE?

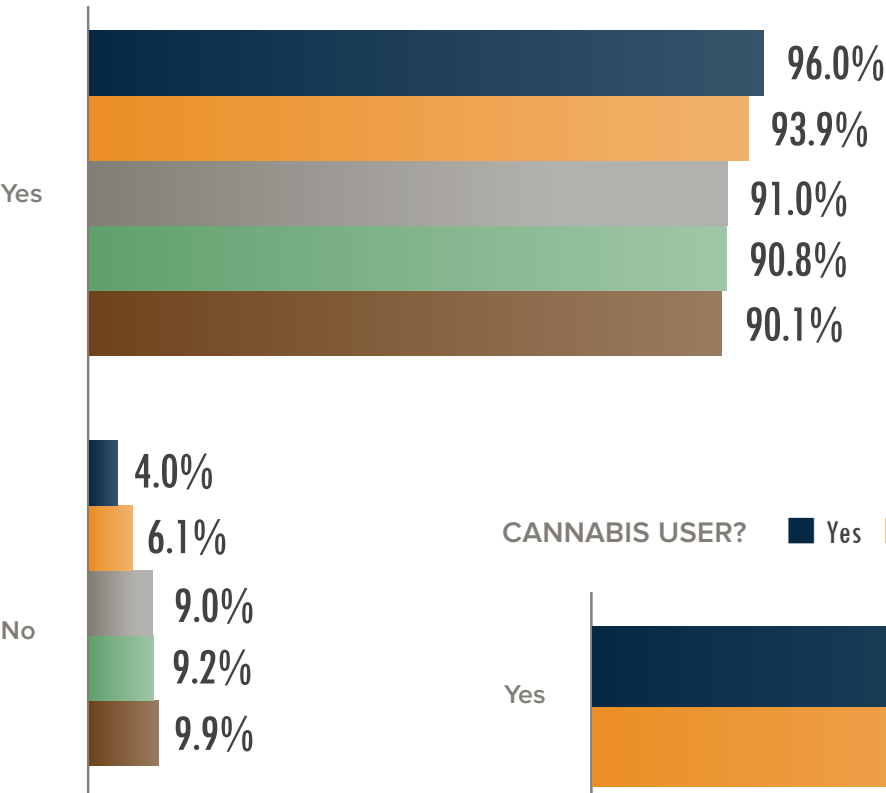
OVERALL



A staggering 92% of our overall respondents are in favor of medical cannabis legalization. This basically makes it a non-issue, enjoying a higher favorability rating than sunny days and sliced bread.

BY GENERATION

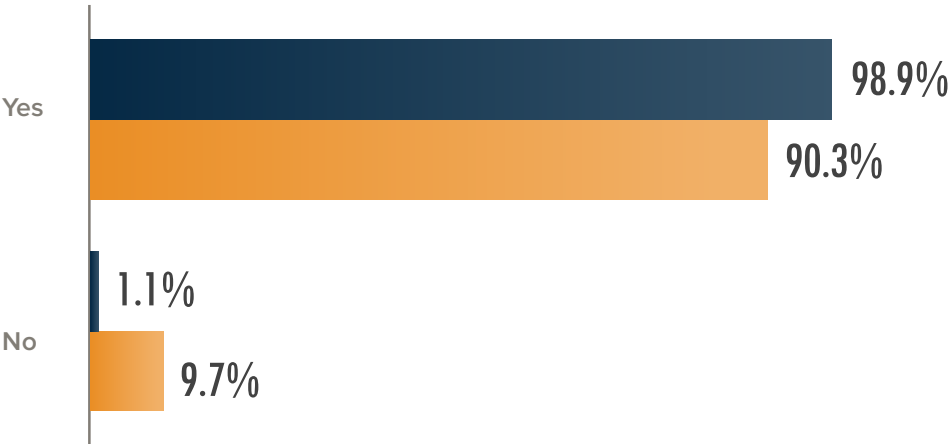
Millennial 1 Millennial 2 Generation X Baby Boomer Silent



Even the silent generation favors medical legalization, likely an outgrowth of increased knowledge about cannabis's medical benefits. When it can help your arthritis, glaucoma, and nausea, well, it can't be too bad.

CANNABIS USER?

Yes No



Indeed, 90.3% of non-cannabis users support medical legalization. Like we said, at this point, it's a non-issue.

KNOWLEDGE OF THE LAW

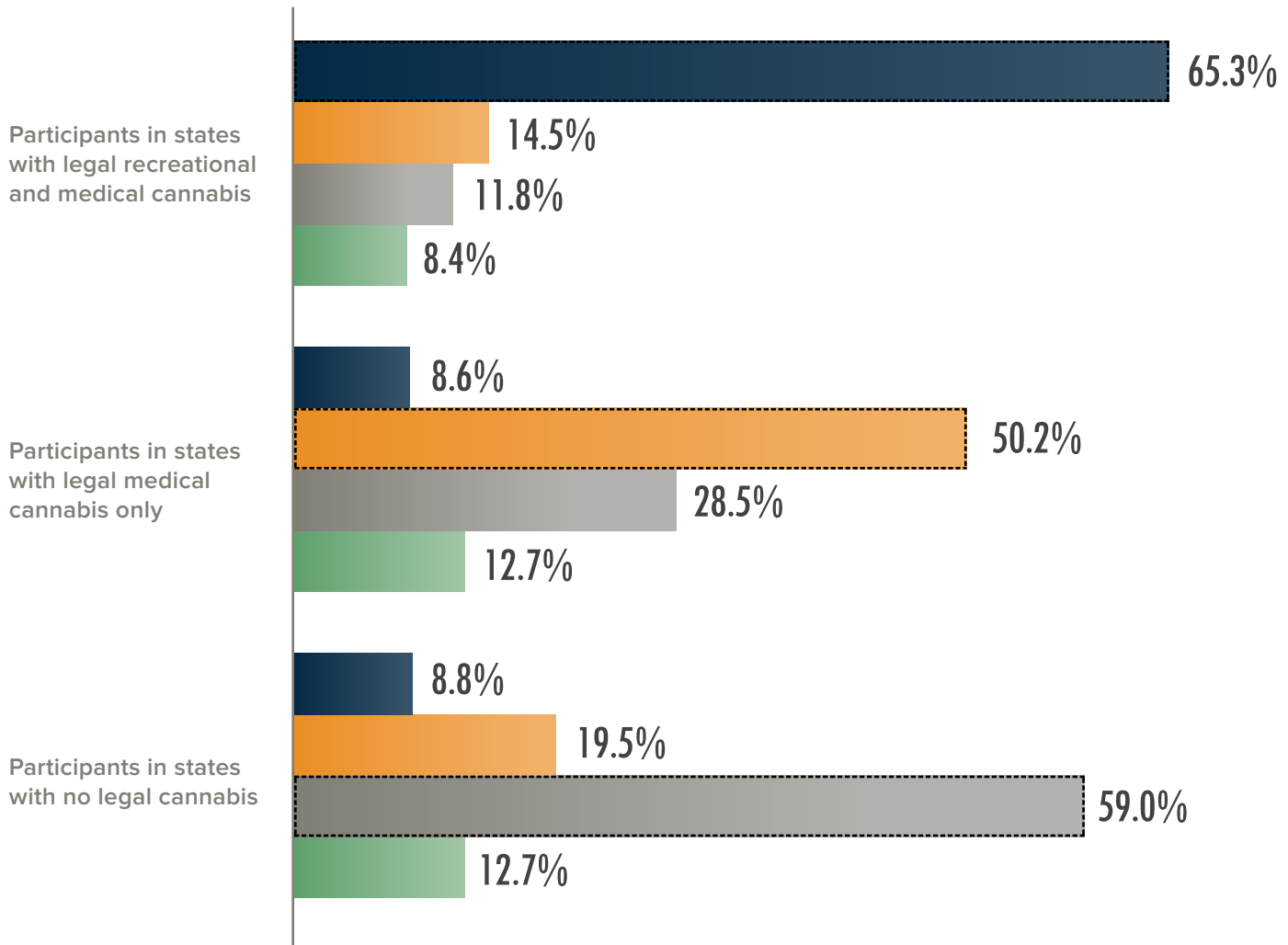
It seems that consumers have yet to catch up to rapidly-changing legal regulations regarding cannabis.

IS CANNABIS LEGAL WHERE YOU CURRENTLY LIVE?

OVERALL

■ Recreational and medical ■ Medical only ■ No ■ I don't know if it's legal □ Correct answer

*This graph shows people's **beliefs** about the legal status of cannabis where they live, segmented by whether cannabis is legal for recreational use, medical use, or neither in their state.*



These numbers should speak for themselves. In recreationally legal states, only 65% of respondents have an accurate understanding of cannabis's legal status. And, no doubt owing to the attendant publicity, news coverage, and advertising that accompanies legal recreational use, respondents in these states are

relatively more knowledgeable of their state's legal position than respondents in medically-legal and entirely illegal states.

Obviously, this signals the need for education and advertising in states that shift their legal status.

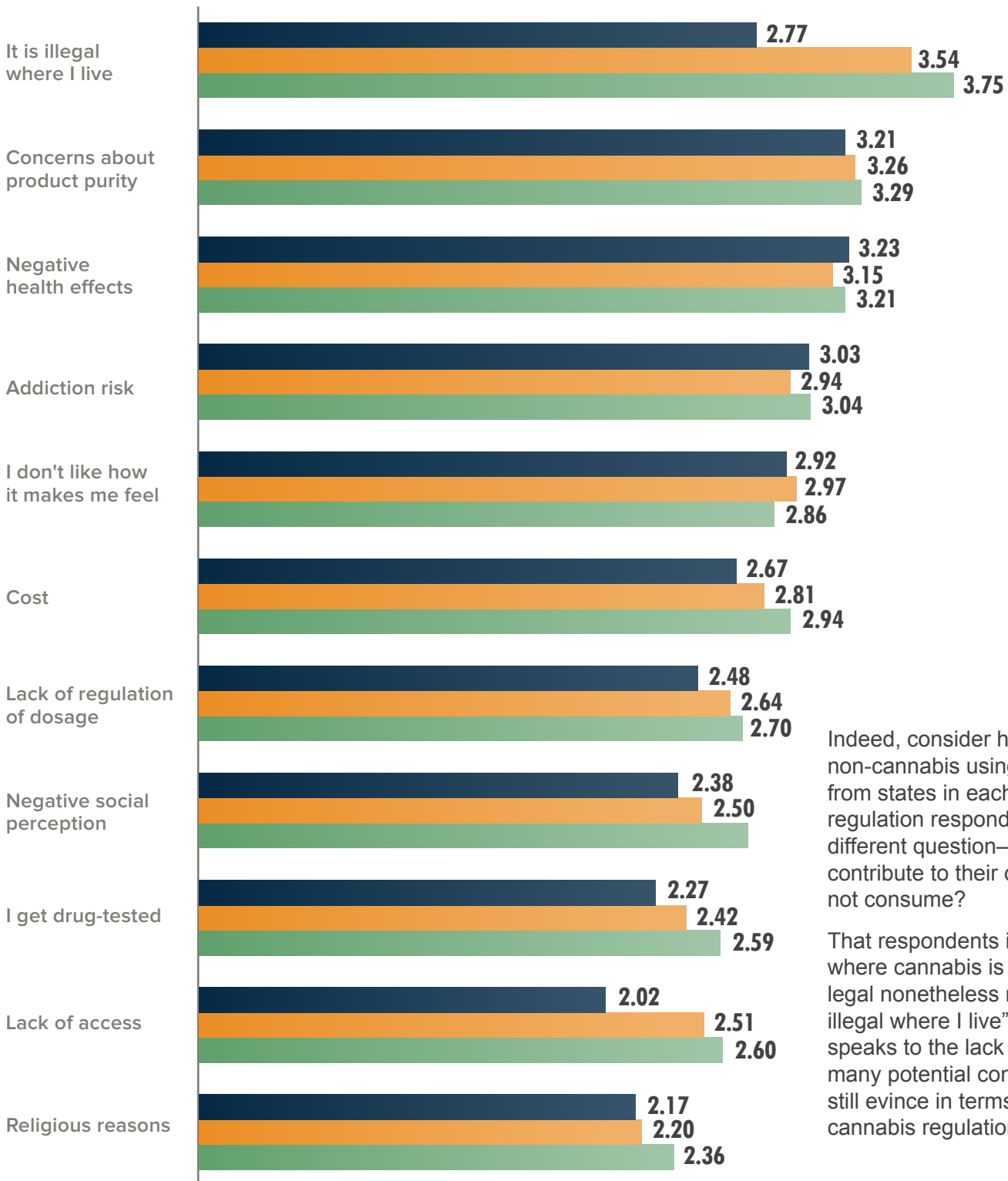
KNOWLEDGE OF THE LAW

FACTORS IN YOUR DECISION NOT TO USE CANNABIS

STATE
LEGAL
STATUS

■ Recreational ■ Medical ■ Not legal

1— Not at all important 2— Slightly important 3— Moderately Important 4— Very important 5— Extremely important



Indeed, consider how non-cannabis using respondents from states in each category of regulation responded to a different question—what factors contribute to their decision to not consume?

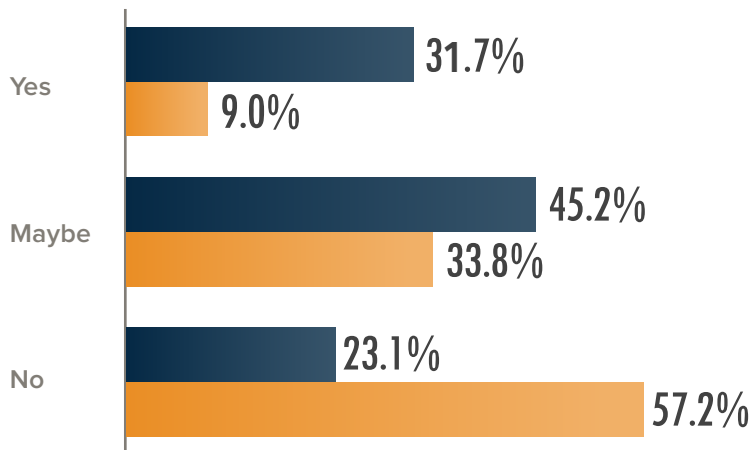
That respondents in states where cannabis is recreationally legal nonetheless rated “it is illegal where I live” as a 2.77 speaks to the lack of knowledge many potential consumers still evince in terms of cannabis regulation.

WILL NON-USERS BECOME USERS?

After isolating non-cannabis users, we got right down to business, asking them whether or not they would consider using cannabis in the future.

WOULD YOU EVER CONSIDER USING CANNABIS IN THE FUTURE?

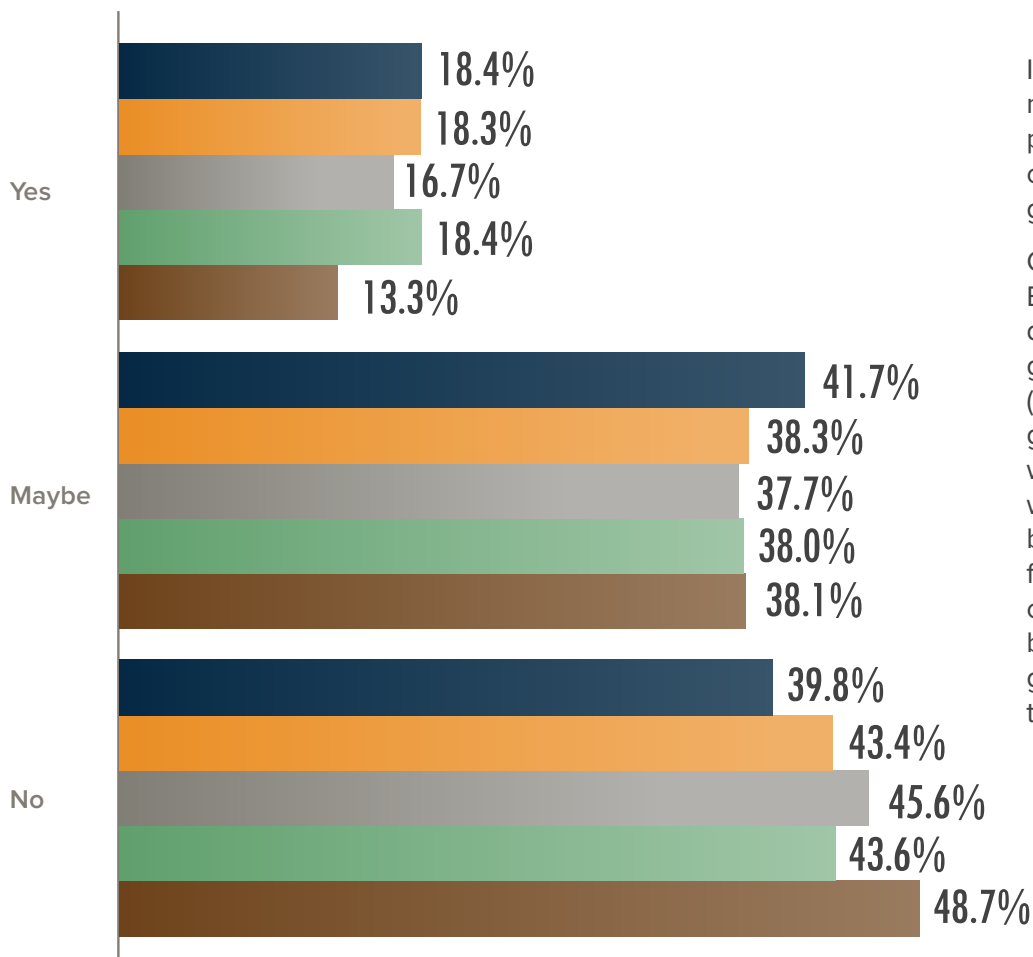
OVERALL ■ Past use ■ No past use



While only 17.5% of current non users said that, yes, they would indeed consider future cannabis consumption, a whopping 38.1% answered with a cautious 'maybe'. Sure, 44.3% of current non-users said that they would never change their mind, but that means that a majority of non-users are somewhere between "hmmm, maybe" and "ok, sure."

This is surely cause for rejoice among those in the cannabis industry, showing a vast growth potential. According to these numbers, there's a lot of emerging market share on the table, and in even better news, a lot of that market share is disproportionately young (**but still at least 18!**).

BY GENERATION ■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent



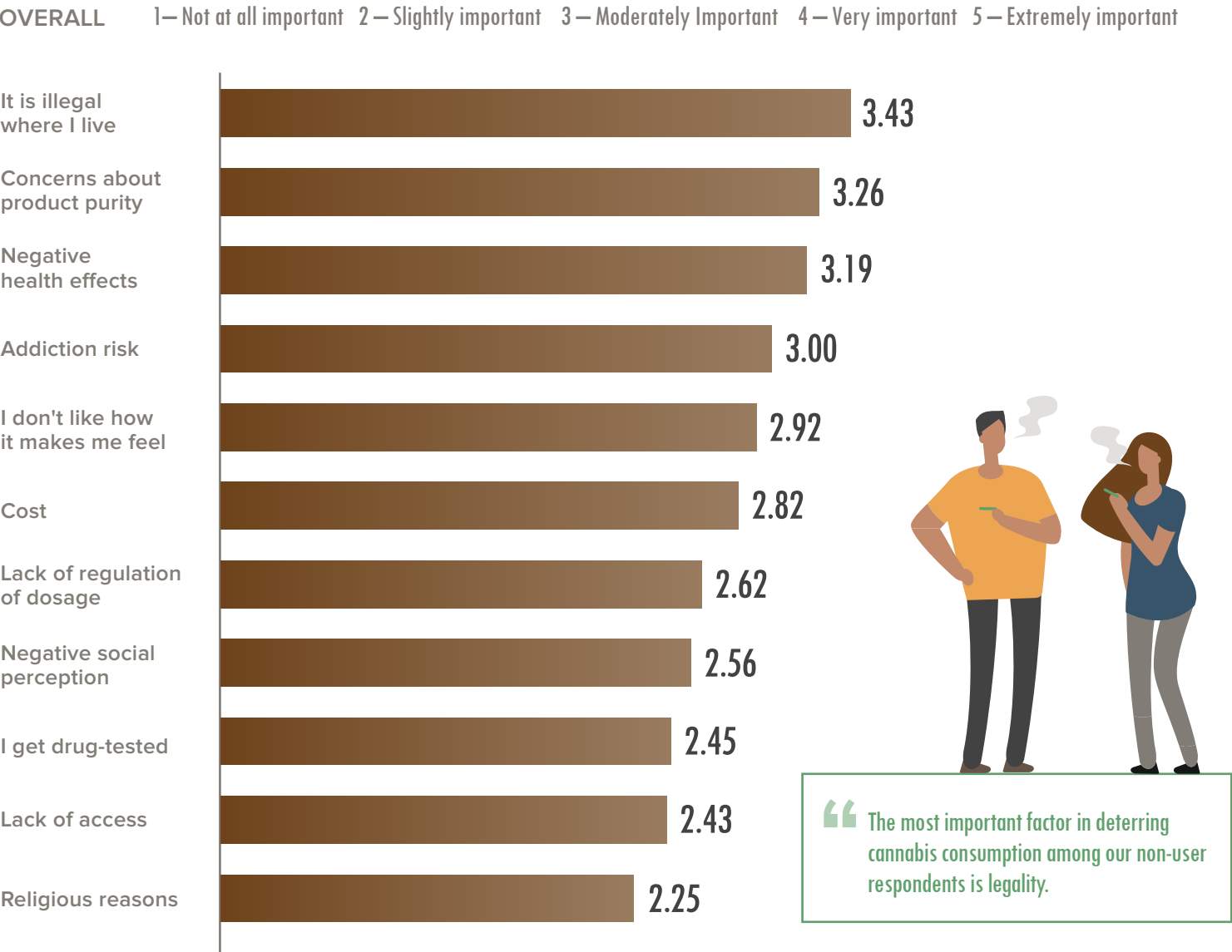
Indeed only 39% of millennial 1 non-users claim they could not be persuaded to give cannabis a try, compared to 48.7% of the silent generation.

One fun note: observe that Baby Boomer non-users answered in the definite 'yes', outranking the generations on either side of them (gen x and silents). The silent generation part makes sense, but what's up with generation x? It is worth wondering how many of the baby boomer respondents are former flower children raised in the era of counterculture, and who prove just a bit more open to cannabis than generation x, which came of age in the Reagan "just say no" era.

THE REASONS PEOPLE SAY NO

We next asked non-users to rate factors in their decision to not use cannabis on a 1-5 scale with 1 being not all important and 5 being extremely important.

FACTORS IN YOUR DECISION NOT TO USE CANNABIS



In welcome news for those in the cannabis industry, the most important factor in deterring cannabis consumption among our non-user respondents is legality: it's illegal where they live. While some of our respondents may be mistaken about this fact it is instructive to note that, with legalization, the number one consumer objection to cannabis consumption goes up in smoke.

Additionally, consumers' number two pain point, concerns about purity, is also something that

legalization addresses through mandatory testing and supply chain regulations. In the same way that consumers rightly worried about wood alcohol blinding them in the prohibition era, legalization will lead to regulation, likely assuaging most consumers' fears over time.

Other objections will be harder to overcome—concerns about addiction and negative health effects could be calmed by science and education but, as with any drug, there will always be health concerns.

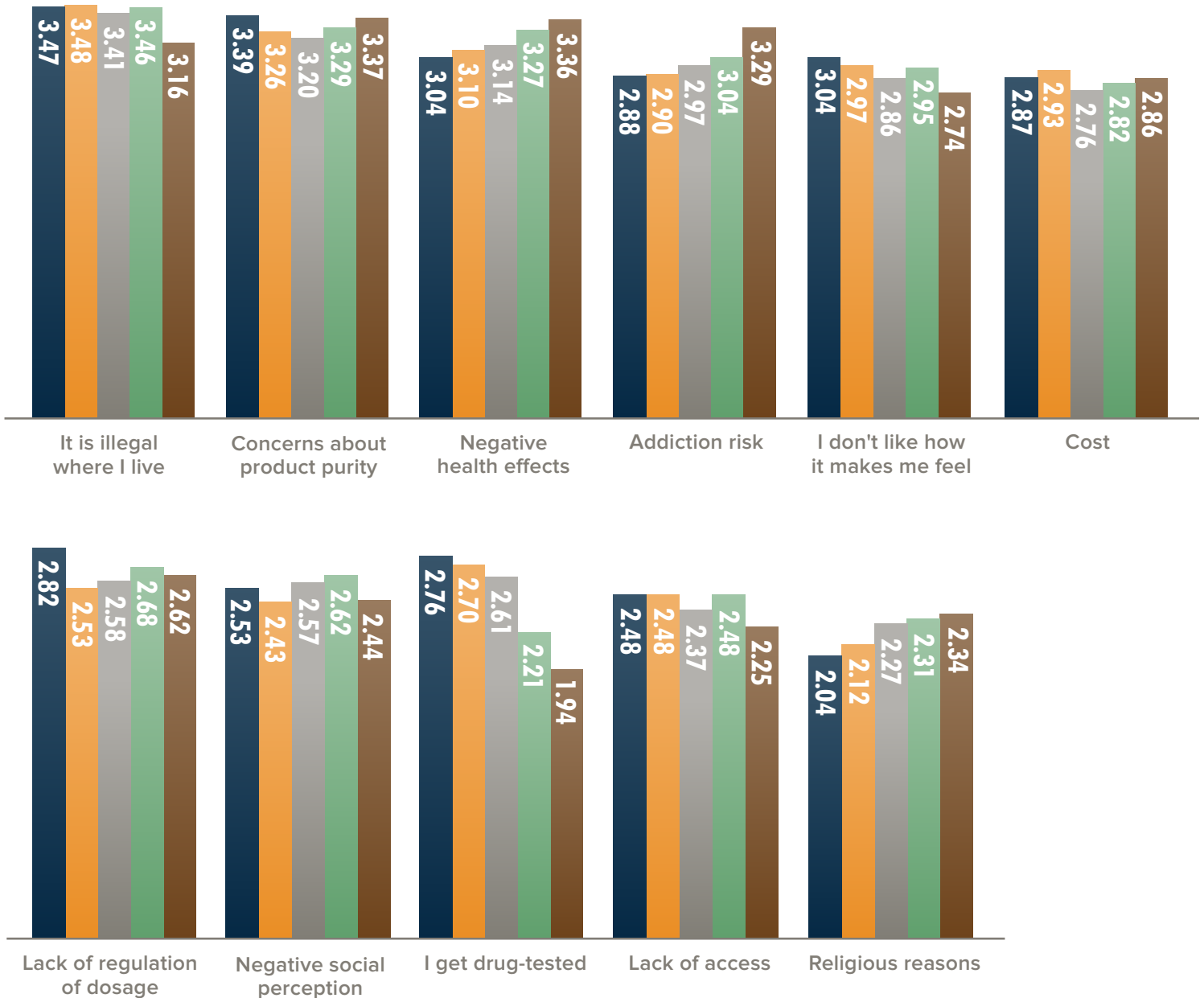
THE REASONS PEOPLE SAY NO

FACTORS IN YOUR DECISION NOT TO USE CANNABIS

BY GENERATION

■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent

1— Not at all important 2— Slightly important 3— Moderately important 4— Very important 5— Extremely important



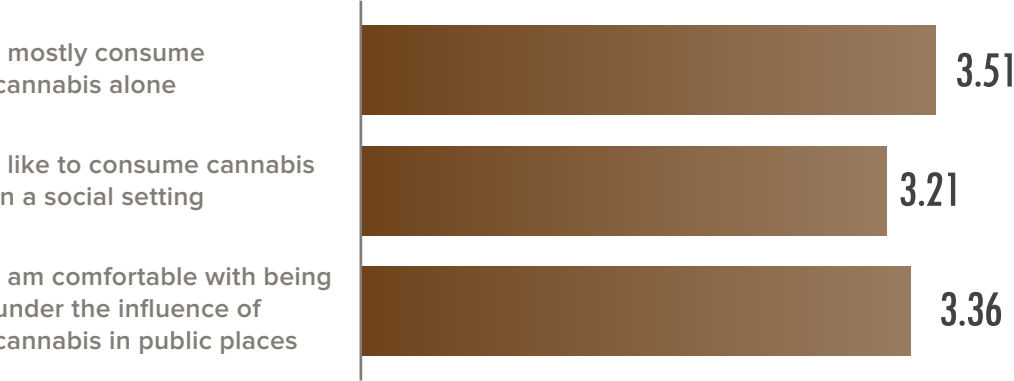
Generational segmentations show that the silent generation is disproportionately concerned about addiction risks—cut them a break, they grew up in the era of Reefer Madness when cannabis was still marijuana and had been declared the gateway drug.

THE WHERE AND HOW OF CANNABIS CONSUMPTION

Consumers are divided about the ideal social setting in which to consume cannabis.

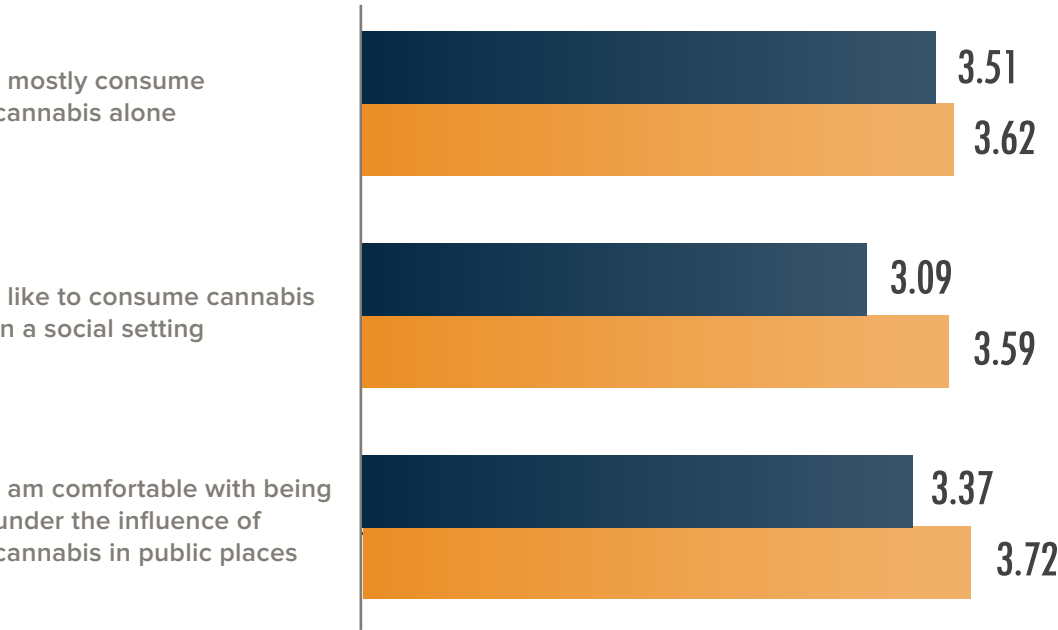
SETTINGS FOR CANNABIS USE

OVERALL 1— Strongly disagree 2— Somewhat disagree 3— Neither agree nor disagree 4— Somewhat agree 5— Strongly agree



BY GENDER ■ Male ■ Female

1— Strongly disagree 2— Somewhat disagree 3— Neither agree nor disagree 4— Somewhat agree 5— Strongly agree

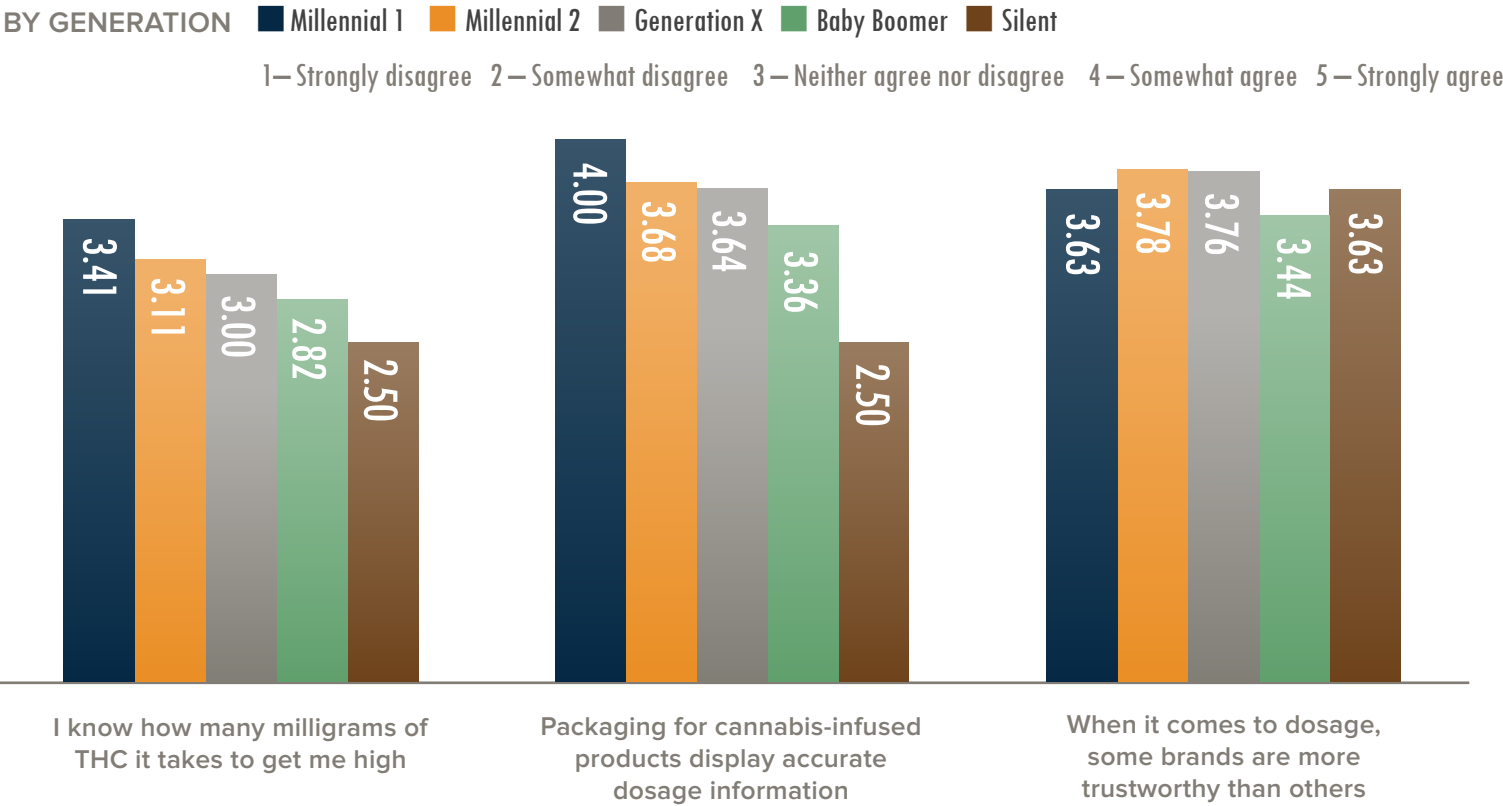
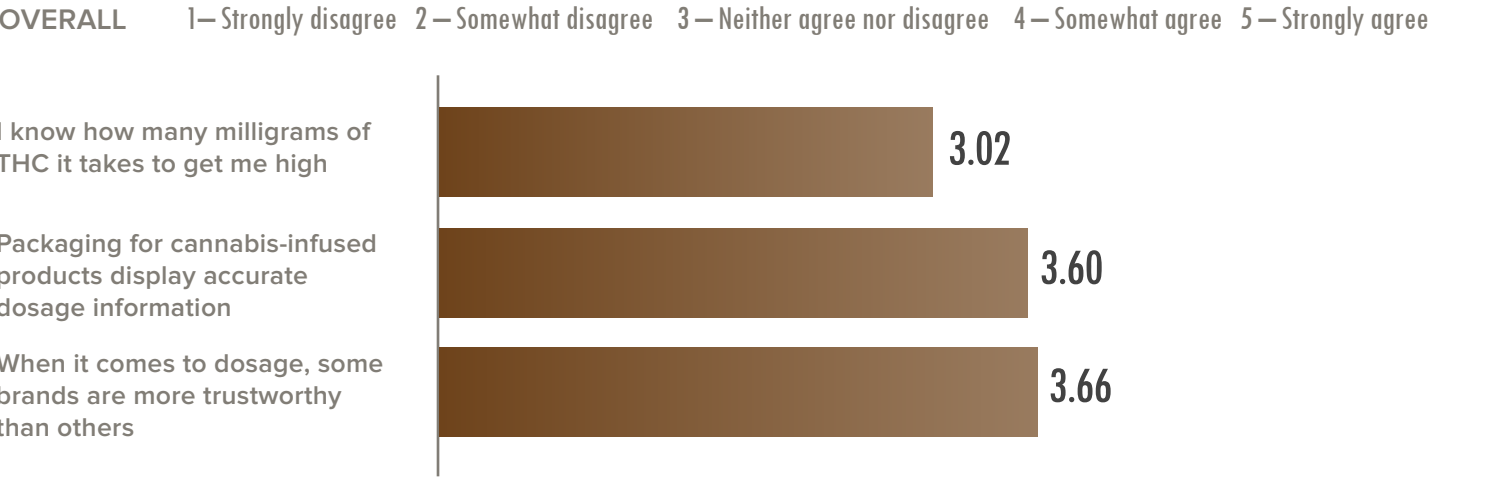


Women appear more comfortable in each and every possible social situation regarding cannabis consumption.

We also asked current users about their current understanding of cannabis dosage and their relative trust in packaging.

THE WHERE AND HOW OF CANNABIS CONSUMPTION

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING?



Unsurprisingly, younger consumers are more knowledgeable about and trusting of cannabis dosing than older generations, with Millennial 1s rating their confidence in packaging displays a 4 out of 5, which is significantly higher than the Silent generation’s 2.5/5.

Obviously, there is room for manufacturers to further educate, acclimate, and build trust with existing users, to say nothing of non-users. This should direct producers to direct their efforts towards outreach efforts that will ease consumers’ minds about dosage.

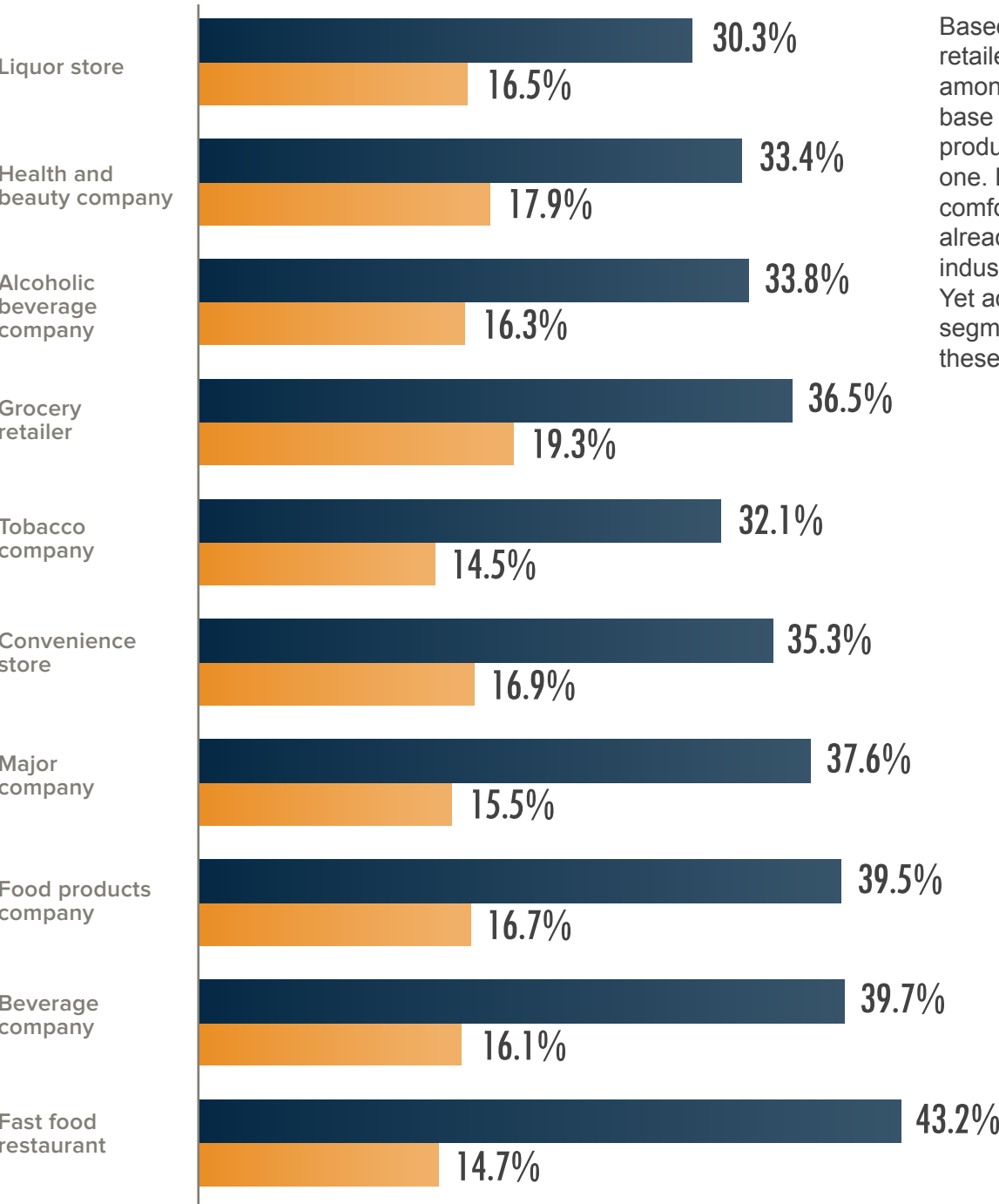
SHOULD EXISTING MANUFACTURERS AND RETAILERS LOOK TO CANNABIS?

While respondents may be comfortable with the current dispensary and even delivery format, they prove less willing to accept cannabis sales from existing retail channels.

We asked how their opinions of retailers would change if they began selling cannabis infused CPG products such as edibles, topicals, and beverages.

HOW WOULD YOUR OPINION CHANGE IF THIS COMPANY STARTED SELLING CANNABIS PRODUCTS?

OVERALL ■ % Lower opinion ■ % Higher opinion



Based on current attitudes, retailers stand to take a hit among our overall respondent base by selling cannabis products, but not a devastating one. Respondents are most comfortable with liquor stores, already firmly in the vice industry, selling such products. Yet adding generational segmentations complicates these numbers somewhat.

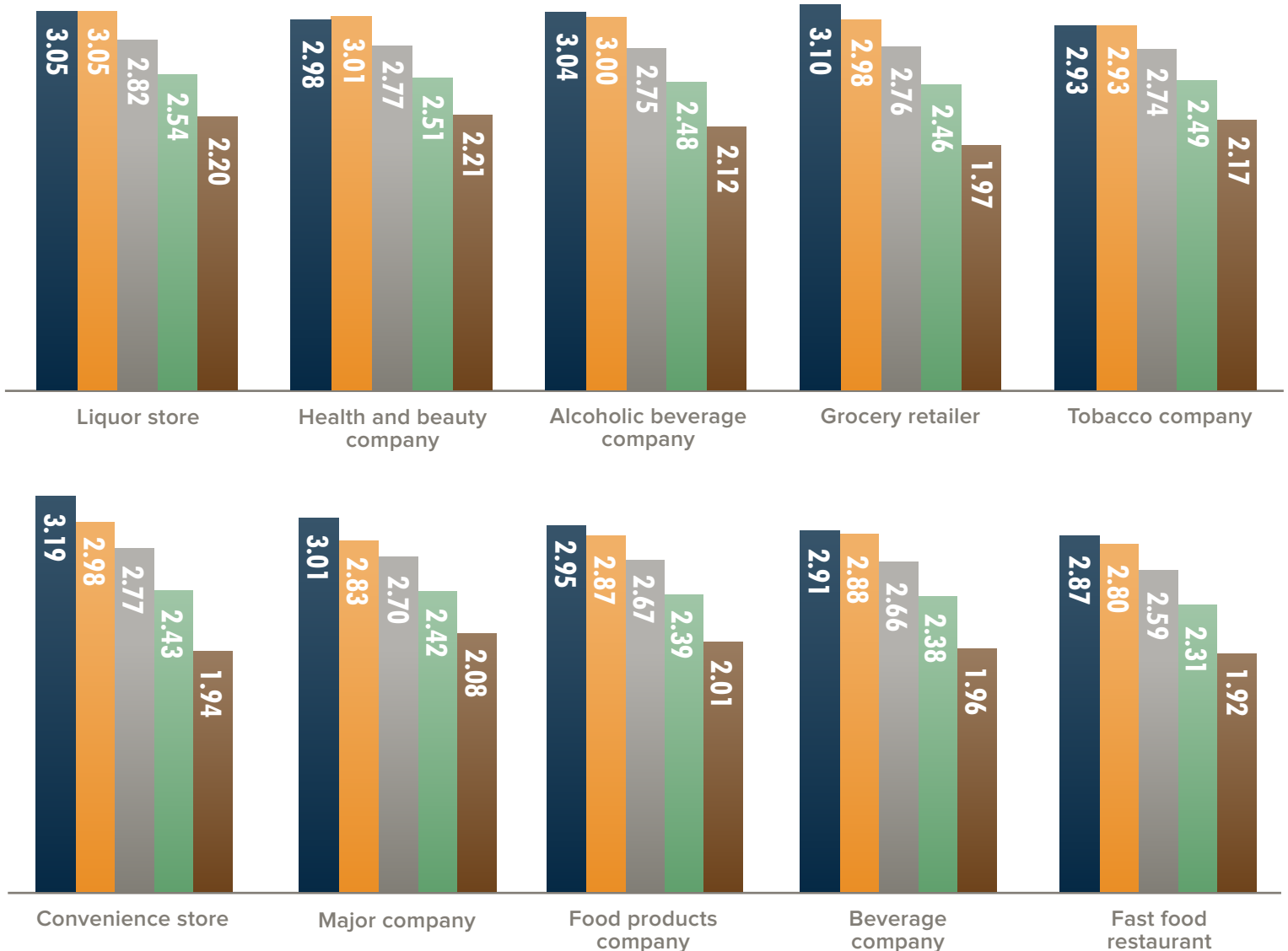
SHOULD EXISTING MANUFACTURERS AND RETAILERS LOOK TO CANNABIS?

HOW WOULD YOUR OPINION CHANGE IF THIS COMPANY STARTED SELLING CANNABIS PRODUCTS?

BY GENERATION

■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent

1— Much lower opinion 2— Lower opinion 3— No change 4— Higher opinion 5— Much higher opinion



As has been a recurring theme throughout this study, younger consumers, particularly millennials, are more comfortable with the proliferation of cannabis products and, in this case, with them permeating into existing retailers and manufactures.

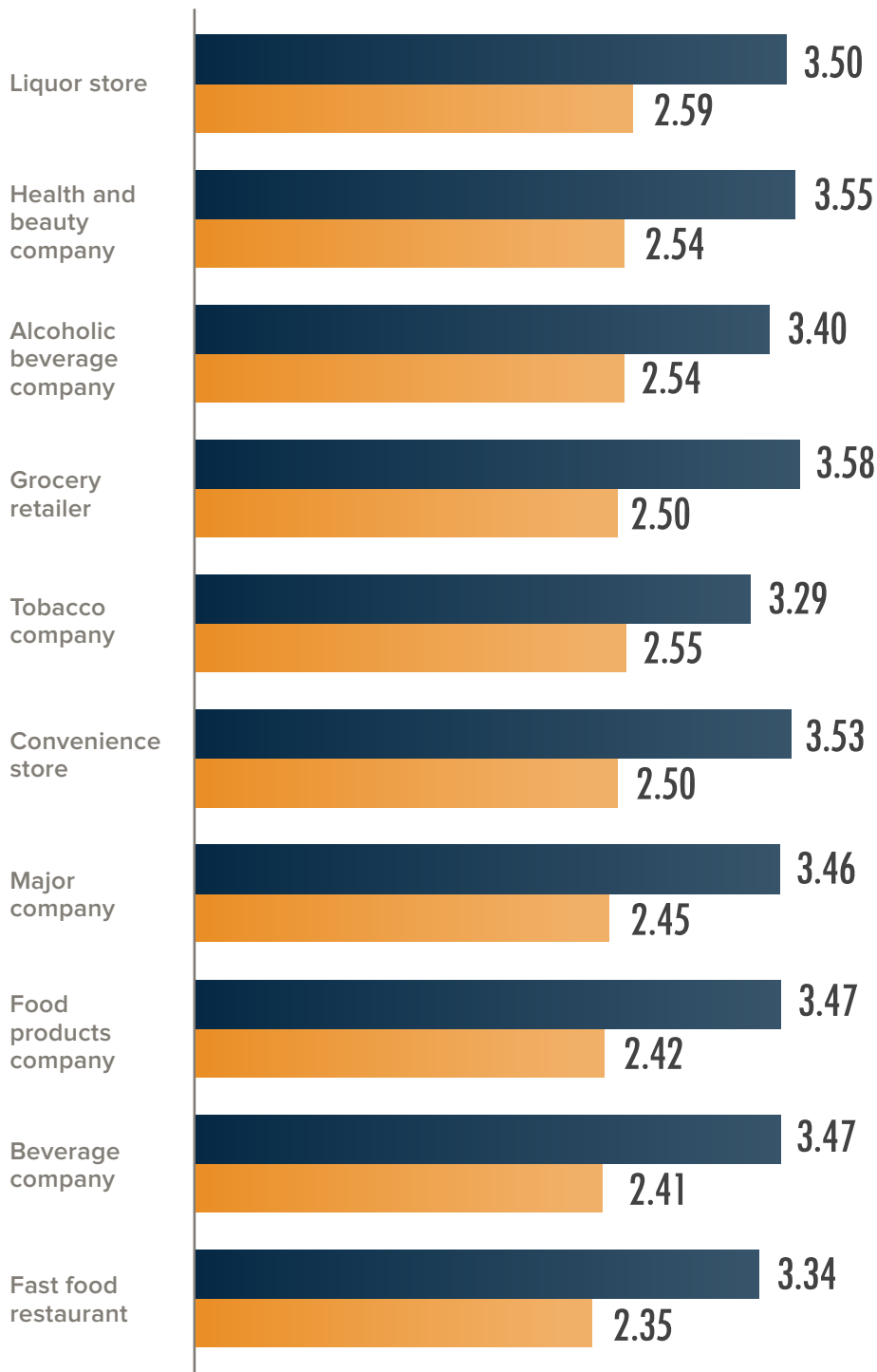
Members of the silent generation are far more entrenched in traditional divides, and would lower their estimation of fast food restaurants, convenience stores, and other business types at a much higher rate than other generations.

SHOULD EXISTING MANUFACTURERS AND RETAILERS LOOK TO CANNABIS?

HOW WOULD YOUR OPINION CHANGE IF THIS COMPANY STARTED SELLING CANNABIS PRODUCTS?

CURRENT CANNABIS USER? ■ Yes ■ No

1— Much lower opinion 2— Lower opinion 3— No change 4— Higher opinion 5— Much higher opinion



“ It is likely that many non-users will become users and ultimately change their opinions of businesses that sell cannabis products.

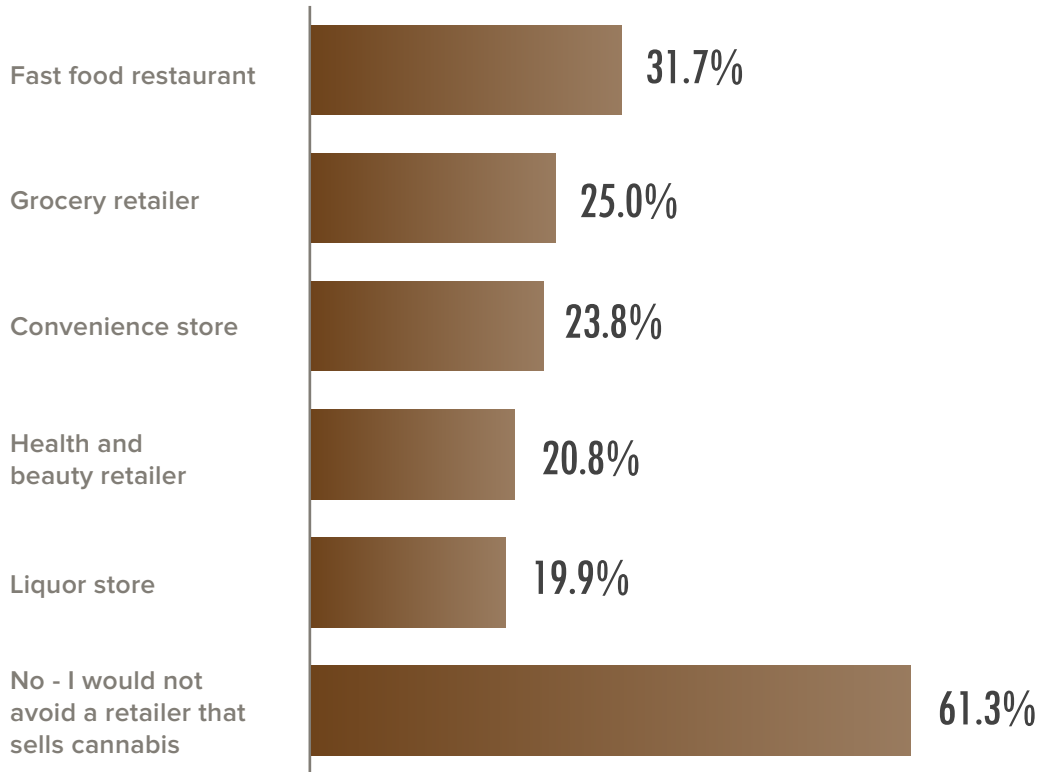
And, finally, to nobody's surprise, current recreational cannabis users are far more receptive and cannabis products would in fact improve their opinion of every business type in our survey. Note that recreational users are likelier than medical users to appreciate cannabis products from these businesses.

BOYCOTTS FOR BUDS

It's one thing for consumers to lower their opinion of a business, it is quite another for them to take their business elsewhere. So, we followed up by asking our respondents if they would stop patronizing a retailer who sold cannabis products.

WOULD YOU STOP SHOPPING AT A RETAILER OF THIS TYPE IF THEY SOLD CANNABIS PRODUCTS?

OVERALL



While 61.3% of our overall respondents said they would not avoid a retailer for this reason, between roughly 20% and 30% of our respondents would boycott businesses selling cannabis, with fast food restaurants being the biggest victim at 31.7%. Liquor stores, again, stand to take the smallest hit, but 1/5 of overall respondents nonetheless would avoid liquor stores that sold weed brownies with their brandy.

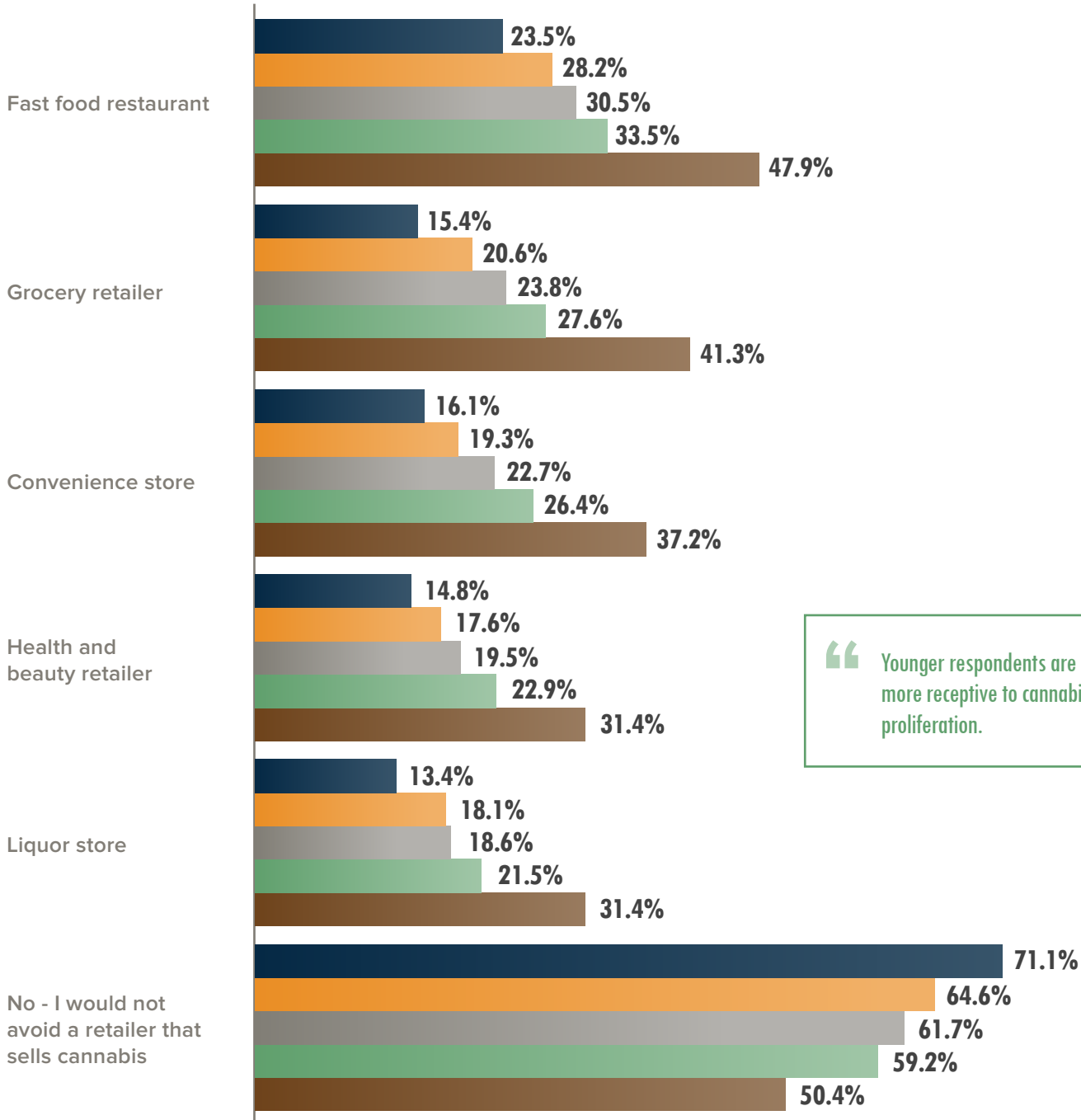


BOYCOTTS FOR BUDS

WOULD YOU STOP SHOPPING AT A RETAILER OF THIS TYPE IF THEY SOLD CANNABIS PRODUCTS?

BY GENERATION

■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent



“ Younger respondents are simply more receptive to cannabis proliferation.”

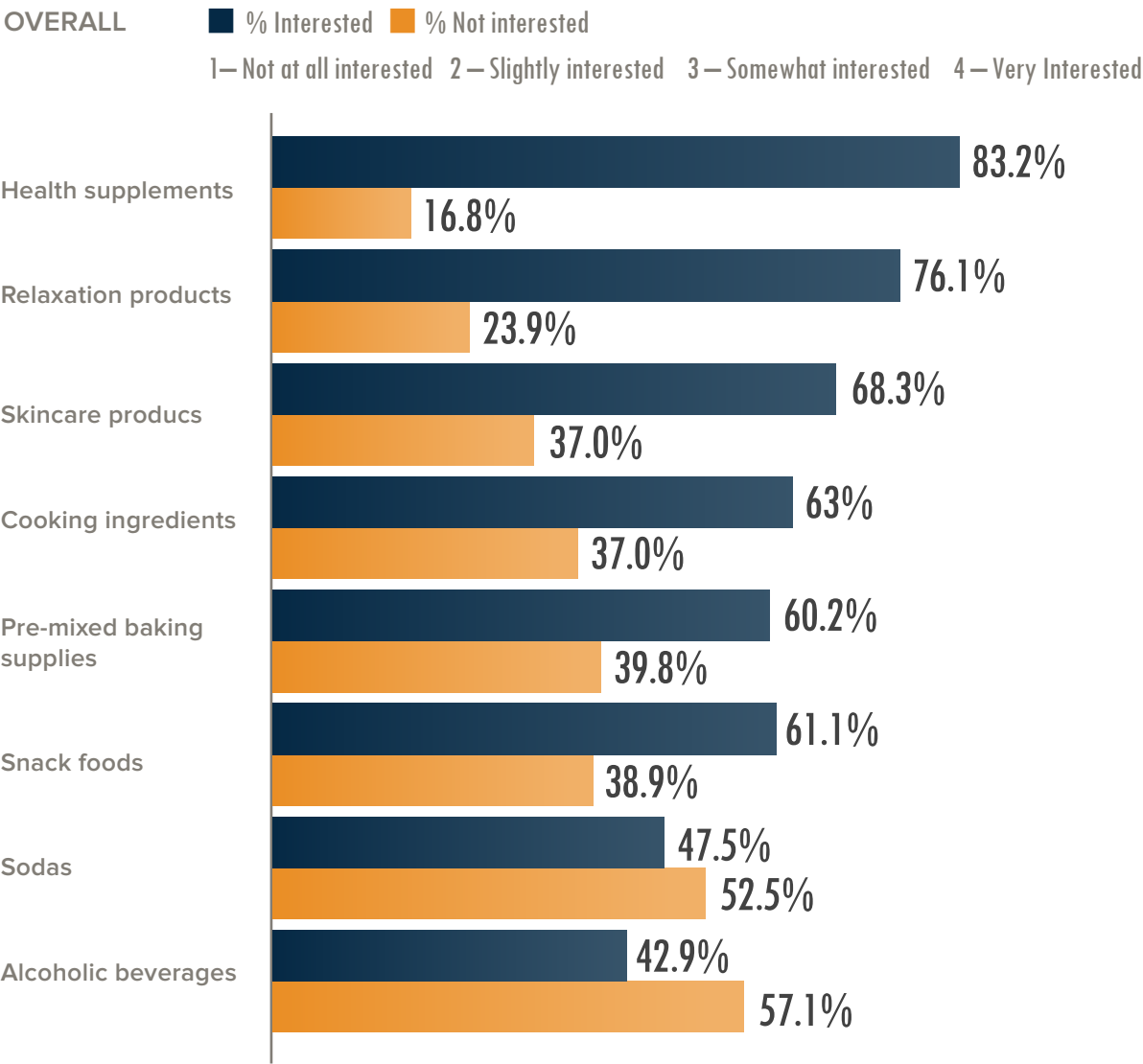
Again, generational segmentations add depth to these numbers. Note that 71.1% of millennial 1s would not boycott any of the listed business types for selling cannabis products, whereas nearly half (47.9%) of the

silent generation would boycott a fast food restaurant that both induced and satisfied munchies. Younger respondents, as our study repeatedly illustrates, are simply more receptive to cannabis proliferation.

WHAT CANNABIS PRODUCTS DO CONSUMERS WANT TO SEE?

Anticipating a future in which cannabis-infused products are widely available, we asked respondents which type of products they found most appealing.

HOW INTERESTED WOULD YOU BE IN PURCHASING CANNABIS-INFUSED VERSIONS OF THE FOLLOWING PRODUCTS?



The most appealing product is health supplements, which we already see penetrating the market. CBD capsules in particular have become increasingly normalized over the past year, and consumers are primed to find this product relatively less intimidating and thus more interesting.

Consumers also favor relaxation products such as bath bombs, candles, and other products commonly found at spas. Along those same lines, respondents also appear at least somewhat interested in skincare products such as lotions, soaps, and conditioners.



“ The most appealing product is health supplements, which we already see penetrating the market.

WHAT CANNABIS PRODUCTS DO CONSUMERS WANT TO SEE?

On the other end of the scale, consumers are not interested in a good old cross fade—overall, alcoholic beverages were the least interesting item with consumers not yet ready to blend the booze with the bud. Sodas are similarly unappealing, though that may well be a consequence of soda's sinking sales and reputation as the health implications of drinking sugar water continue to hurt their market.

Most interesting for food manufacturers, there is a middling overall appetite for cooking ingredients (e.g. cannabis butter) and pre-mixed baking supplies, yet both are more appealing than pre-manufactured snack foods. As we shall soon see, however, this does not mean they prefer homemade to premade overall—in fact, the opposite holds true. Rather, this should signal

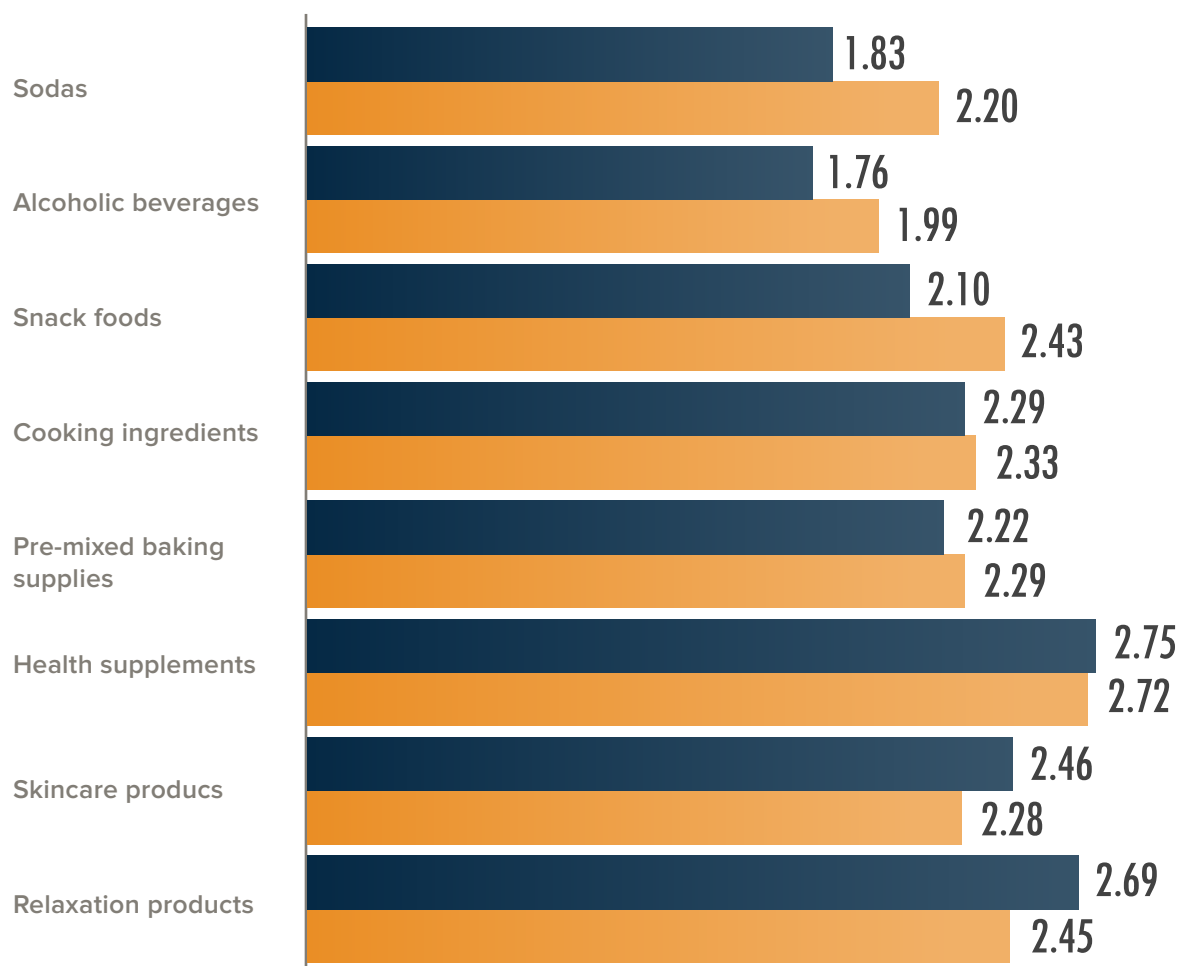
to manufacturers a growing dissatisfaction with these particular product types, which have fallen out of favor as their health implications and industrial nature drives consumers to products they view as more natural. They don't want to see cannabis in the same old products, meaning cannabis cannot save the snack foods of yesteryear.

While these trends generally stay constant through different segmentations, each segment does have its own particular interests and unique trends (millennial 1s favor nearly every product type more than any other generation, for example).

See below and on the next few pages for various segmentations related to cannabis-infused products.

HOW INTERESTED WOULD YOU BE IN PURCHASING CANNABIS-INFUSED VERSIONS OF THE FOLLOWING PRODUCTS?

BY GENDER ■ Female ■ Male 1—Not at all interested 2—Somewhat interested 3—Interested 4—Very Interested

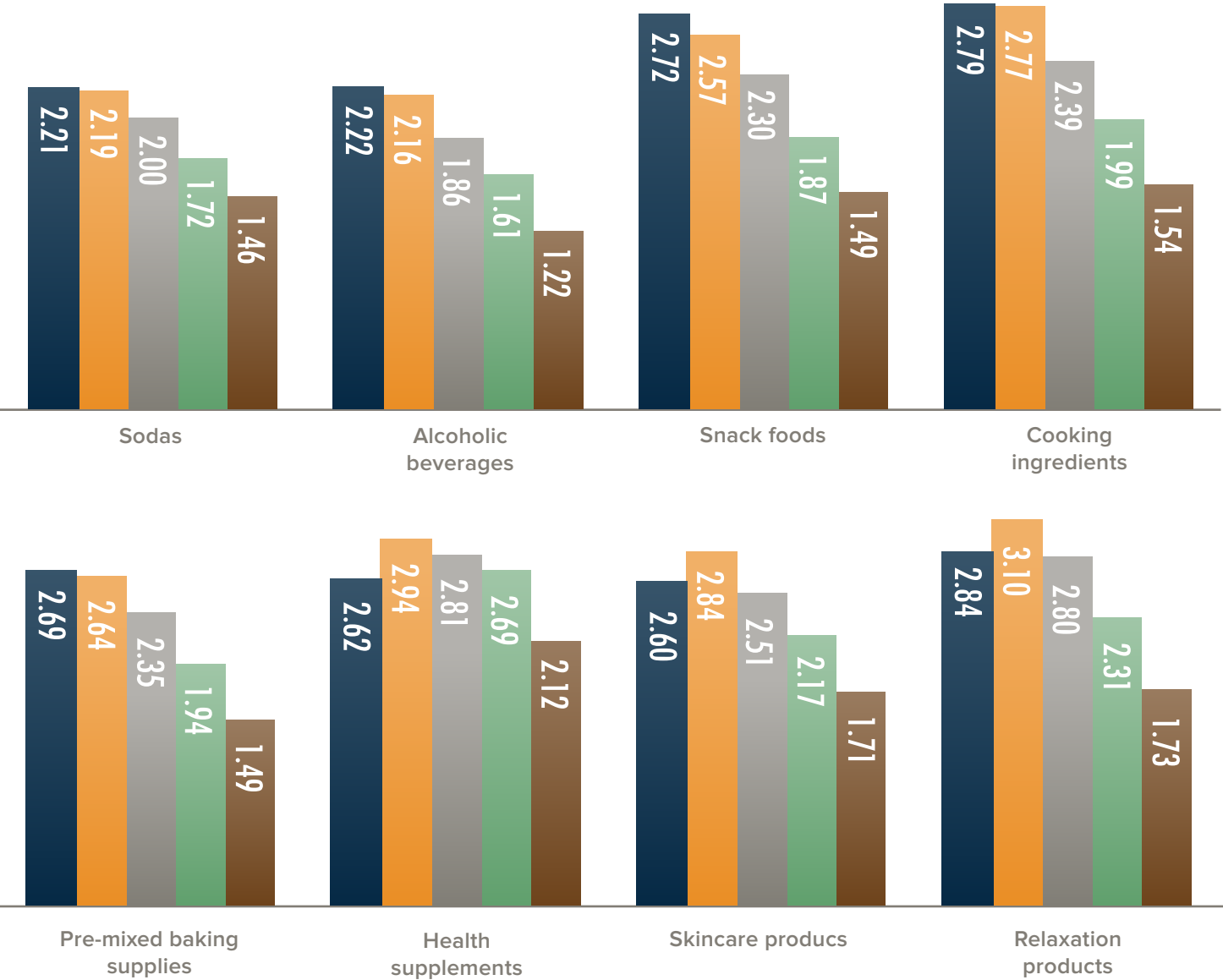


WHAT CANNABIS PRODUCTS DO CONSUMERS WANT TO SEE?

HOW INTERESTED WOULD YOU BE IN PURCHASING CANNABIS-INFUSED VERSIONS OF THE FOLLOWING PRODUCTS?

BY GENERATION ■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent

1 — Not at all interested 2 — Somewhat interested 3 — Interested 4 — Very Interested



“ Most interesting for food manufacturers, there is a middling overall appetite for cooking ingredients and pre mixed baking supplies.

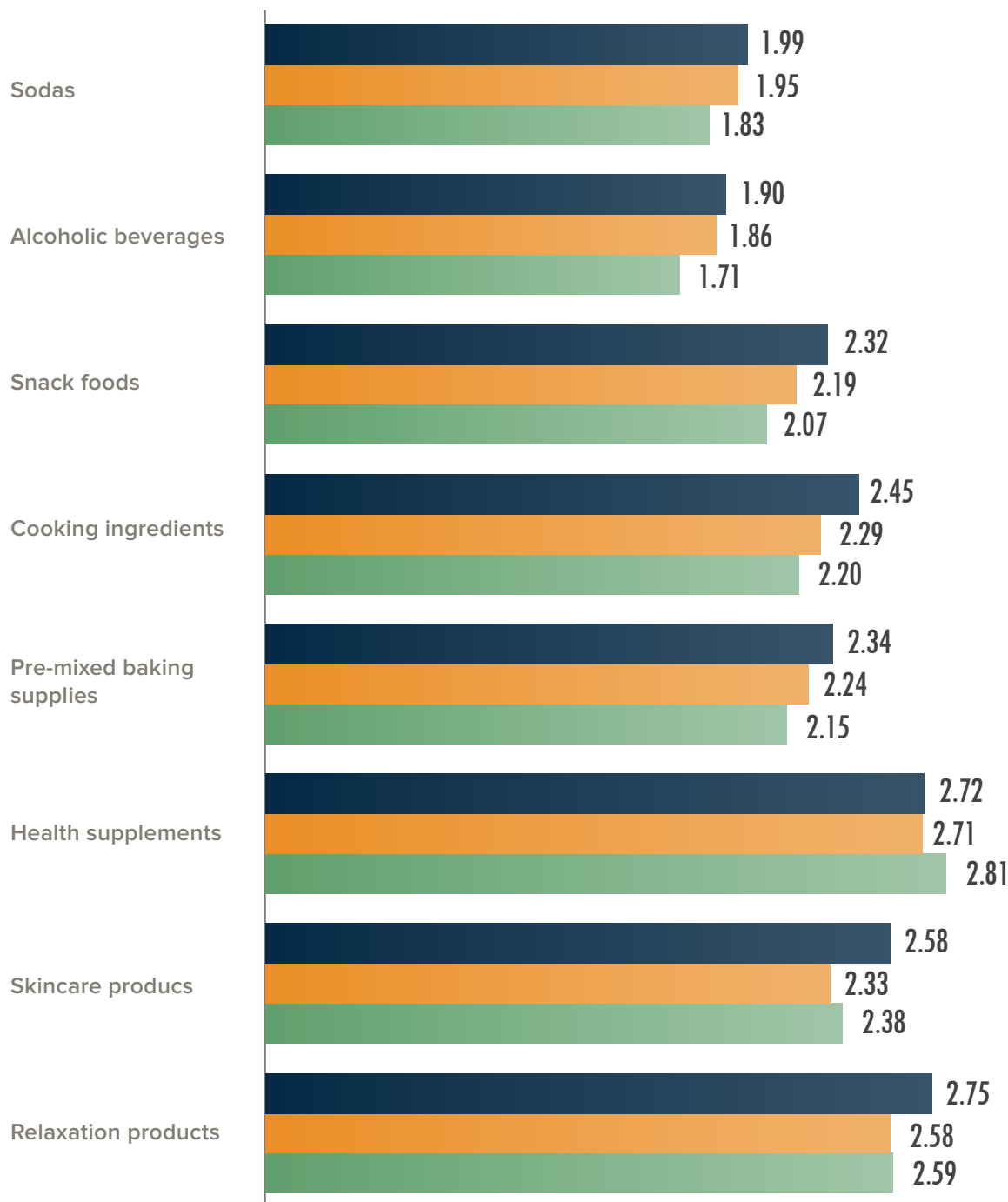
WHAT CANNABIS PRODUCTS DO CONSUMERS WANT TO SEE?

HOW INTERESTED WOULD YOU BE IN PURCHASING CANNABIS-INFUSED VERSIONS OF THE FOLLOWING PRODUCTS?

STATE
LEGAL
STATUS

■ Recreational ■ Medical ■ Not legal

1— Not at all interested 2— Somewhat interested 3— Interested 4— Very Interested



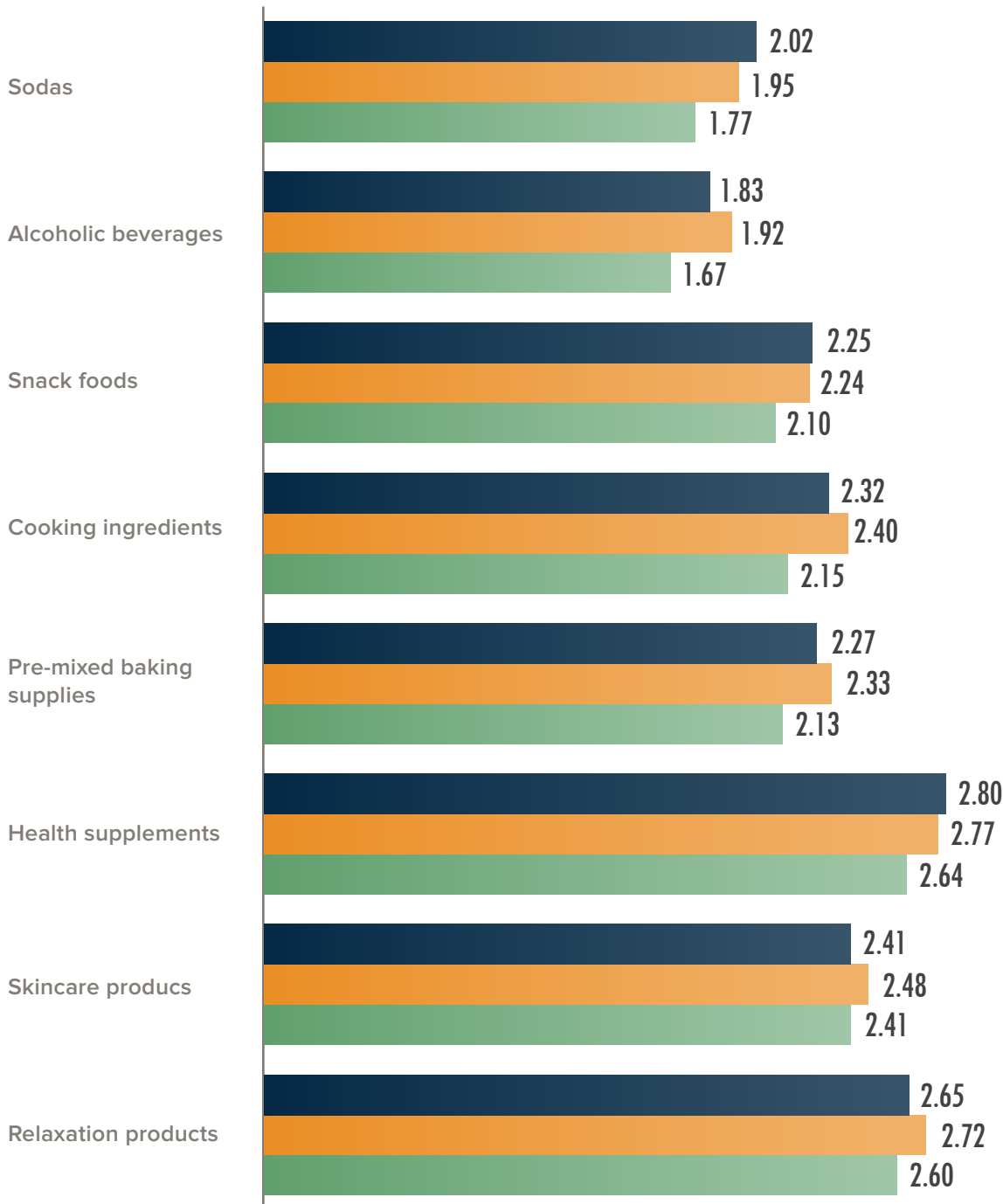
WHAT CANNABIS PRODUCTS DO CONSUMERS WANT TO SEE?

HOW INTERESTED WOULD YOU BE IN PURCHASING CANNABIS-INFUSED VERSIONS OF THE FOLLOWING PRODUCTS?

BY ANNUAL
HOUSEHOLD
INCOME

■ Less than \$40k ■ \$40k - \$100k ■ More than \$100k

1 — Not at all interested 2 — Somewhat interested 3 — Interested 4 — Very Interested



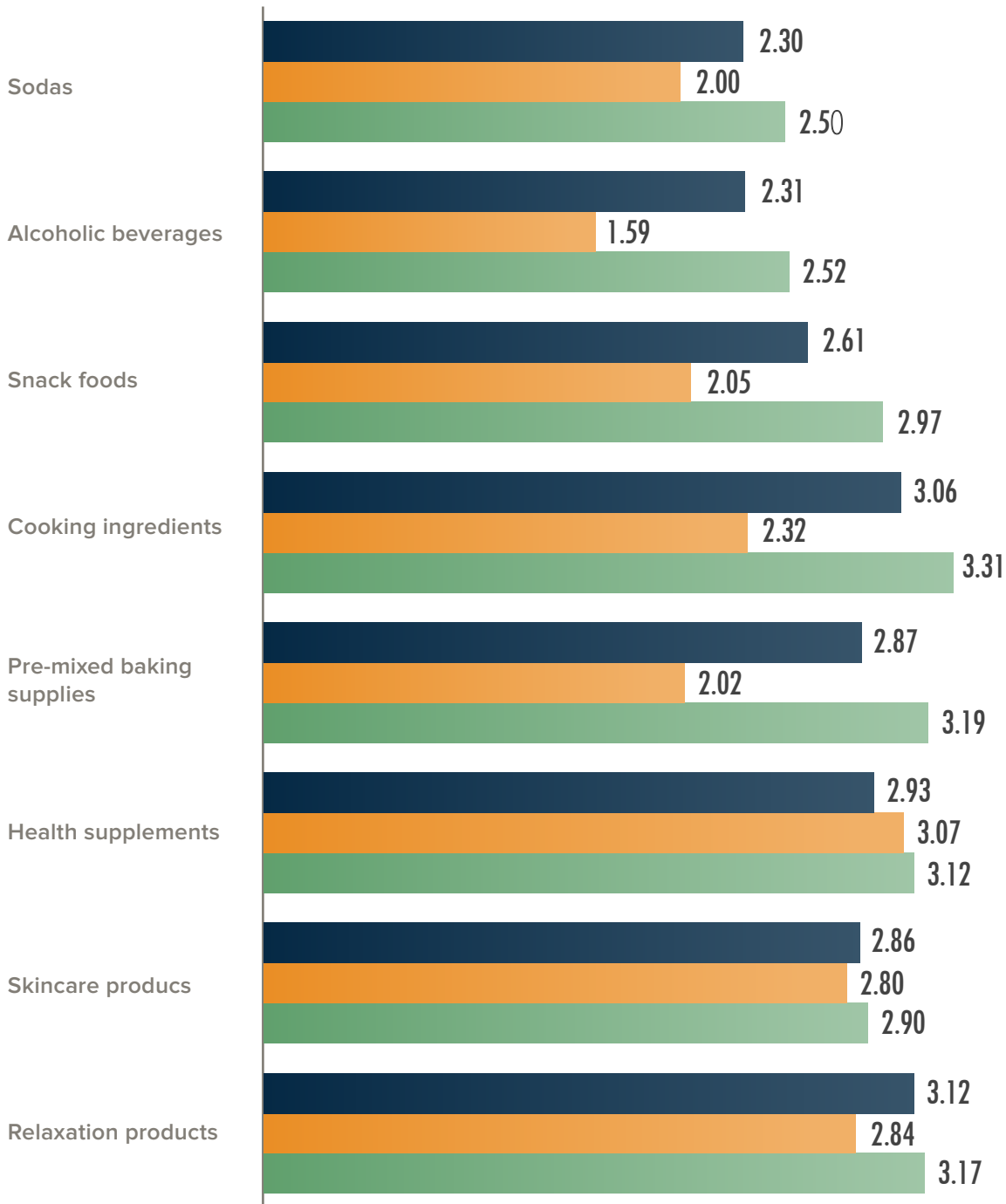
WHAT CANNABIS PRODUCTS DO CONSUMERS WANT TO SEE?

HOW INTERESTED WOULD YOU BE IN PURCHASING CANNABIS-INFUSED VERSIONS OF THE FOLLOWING PRODUCTS?

BY TYPE
OF USER

■ Recreational ■ Medical ■ Both

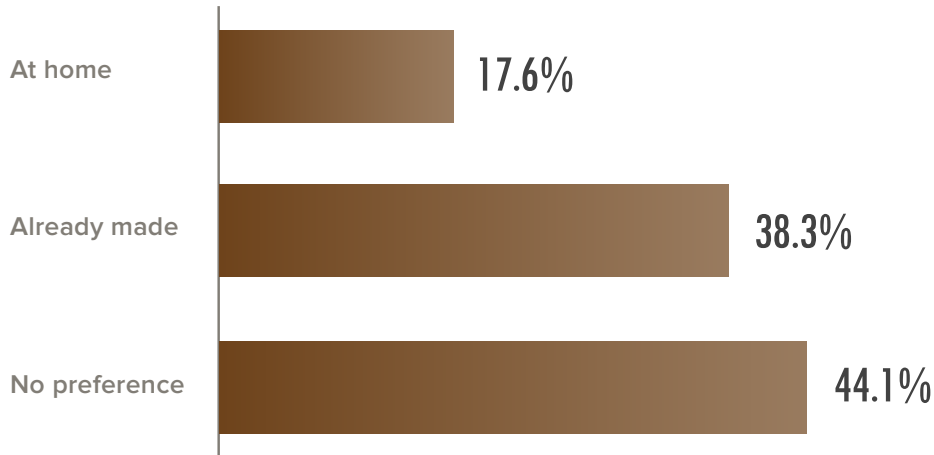
1 — Not at all interested 2 — Somewhat interested 3 — Interested 4 — Very Interested



HOMEMADE VS PREMADE

WOULD YOU RATHER MAKE YOUR OWN EDIBLE/DRINKABLE PRODUCTS THAN PURCHASE THEM ALREADY MADE?

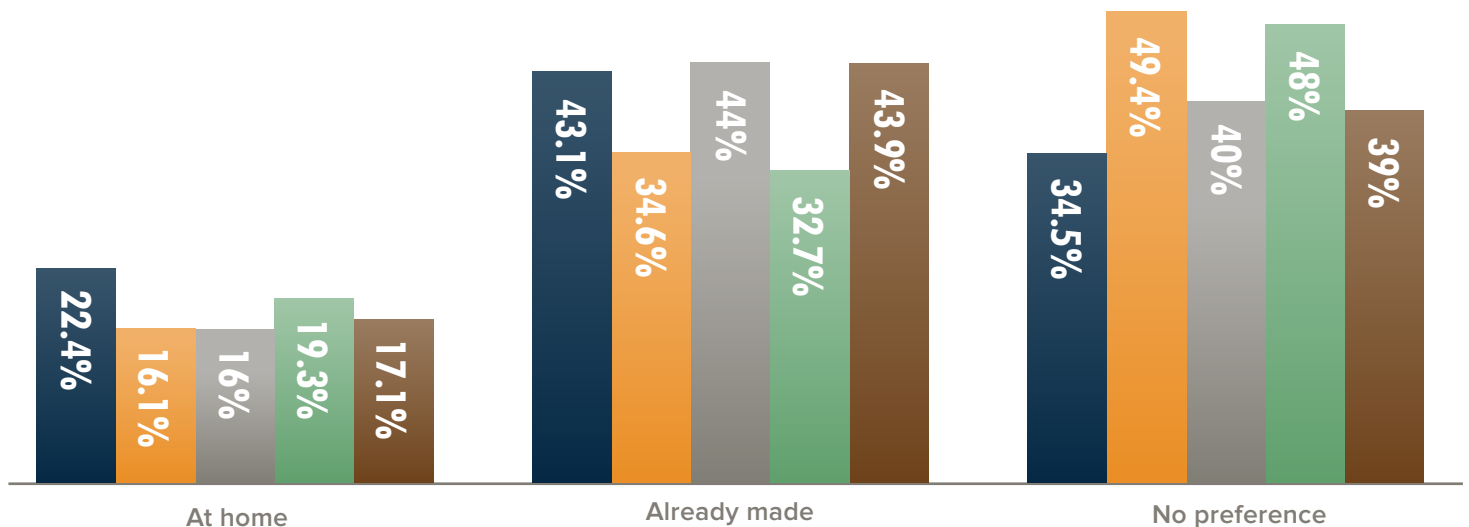
OVERALL



“ Millennial 1s are significantly likelier to prefer at-home experiences than premanufactured products.

BY GENERATION

■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent



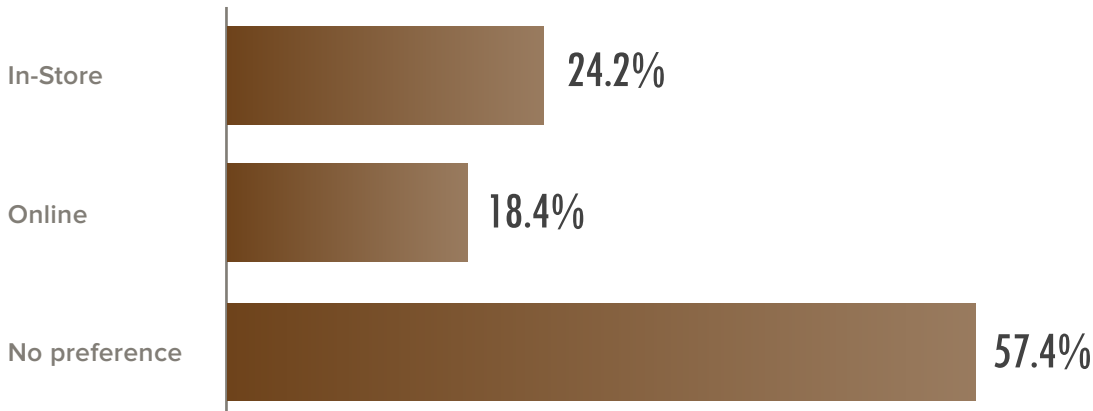
Our overall respondent base prefers premanufactured products to homemade by roughly twenty percent. Some of this likely has to do with trusting the dosing information on products more than they trust their own hand, and some of it with the relative convenience of not having to turn a kitchen into a bakehouse.

Yet, millennial 1s are significantly likelier to prefer at-home experiences. Again, this could owe to the generation's preference for experiences accompanying their retail purchases—perhaps breaking out the KitchenAid and apron makes for a more complete and authentic experience than opening a package in their eyes.

ONLINE DELIVERY OR IN-STORE PURCHASES

WOULD YOU PREFER PURCHASING CANNABIS PRODUCTS IN-STORE OR ONLINE/DELIVERY?

OVERALL



Consumers likely do not have enough experience with in-store and online/delivery cannabis purchases, which explains why such a large chunk of our respondents (nearly 60%) have no preference when it comes to purchasing channel.

Nonetheless, it is worth noting that, currently, our respondents favor in-store by 6%, likely owing to the fact that in-store offers education and interaction, which are imperative for neophytes in the cannabis market. Ensuring that products won't make users paranoid or pass out, and getting dosing information seems to make in-store likelier a safer option for new entrants to the market.



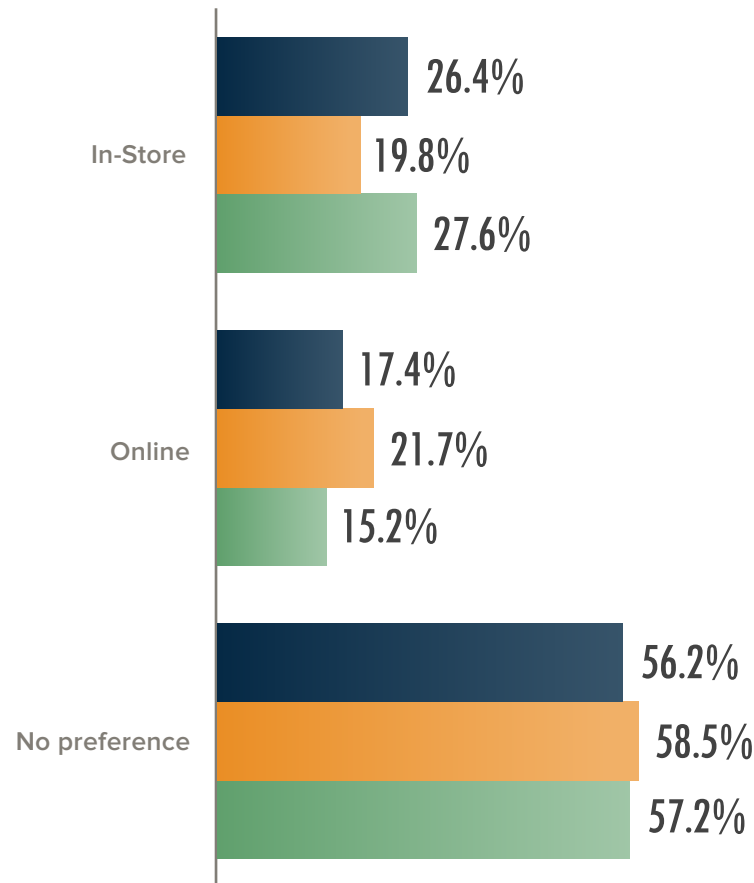
“ In-store offers education and interaction, which are imperative for neophytes in the cannabis market.

ONLINE DELIVERY OR IN-STORE PURCHASES

WOULD YOU PREFER PURCHASING CANNABIS PRODUCTS IN-STORE OR ONLINE/DELIVERY?

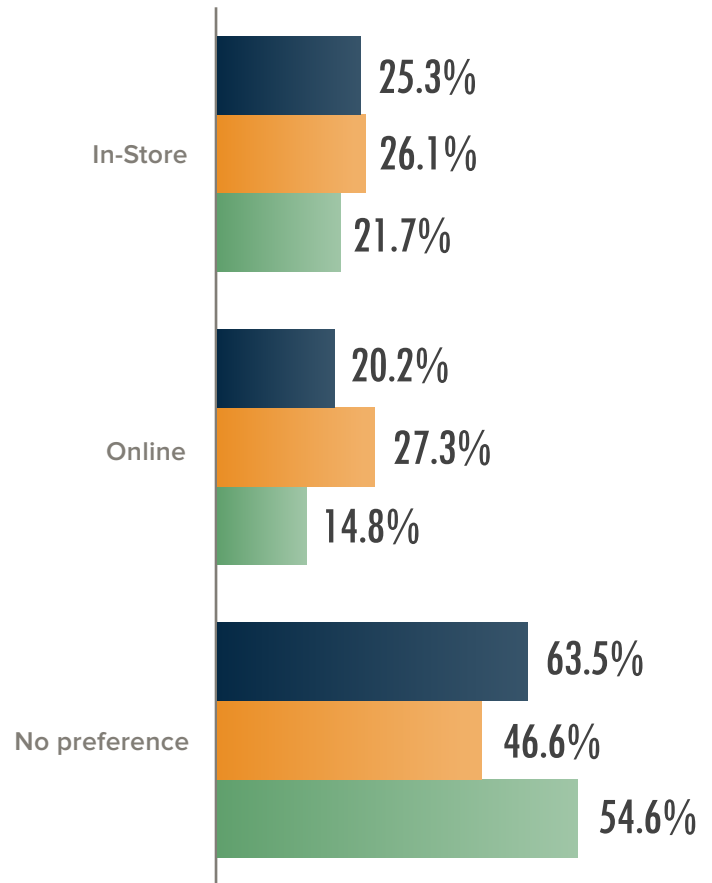
BY STATE LEGAL STATUS

■ Recreational ■ Medical ■ Not legal



BY TYPE OF USER

■ Recreational ■ Medical ■ Both



Medical users are likelier to prefer delivery than recreational users, which seems to fit with prescription drug delivery plans that are becoming increasingly popular. Also, when trying to match a current mood to a product that will enhance it, the helpful assistance of a local budtender seems necessary; the same would not hold for medical users who are simply looking for a certain milligram amount of CBD.

This is borne out when segmenting based on cannabis's legal status in the respondent's home state. Indeed, in medical-only states, online purchase and delivery scores higher than in-store purchases, whereas the opposite holds true in recreationally legal states.

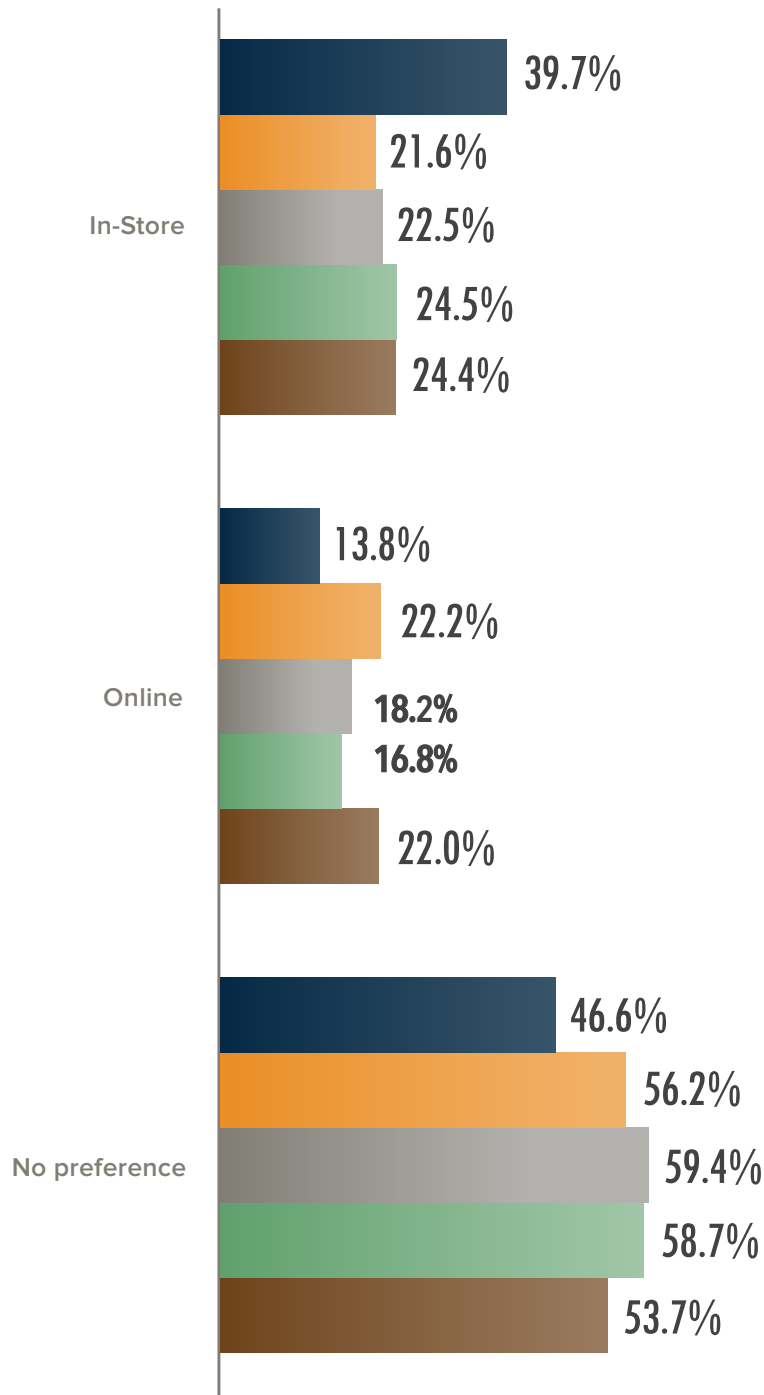
And, again, we see that in states where it is not legal, consumers would prefer in-store purchases, likely to acclimate themselves to an unfamiliar market.

ONLINE DELIVERY OR IN-STORE PURCHASES

WOULD YOU PREFER PURCHASING CANNABIS PRODUCTS IN-STORE OR ONLINE/DELIVERY?

BY GENERATION

■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent



“ As their purchasing power increases, it is worth noting that the youngest generational segment prefers in-store to online.

And then there are millennial 1s who resoundingly prefer an in-store experience to an online order and delivery (39.7% v 13.8%). Perhaps this owes to younger consumers' desire for authentic experiences along with their retail. Taking a trip to the local dispensary, alone or with friends, may seem more appealing than an Amazon-esque online ordering system. Regardless, as their purchasing power increases, it is worth noting that the youngest generational segment prefers in-store to online—something that would be music to most retailers' ears.

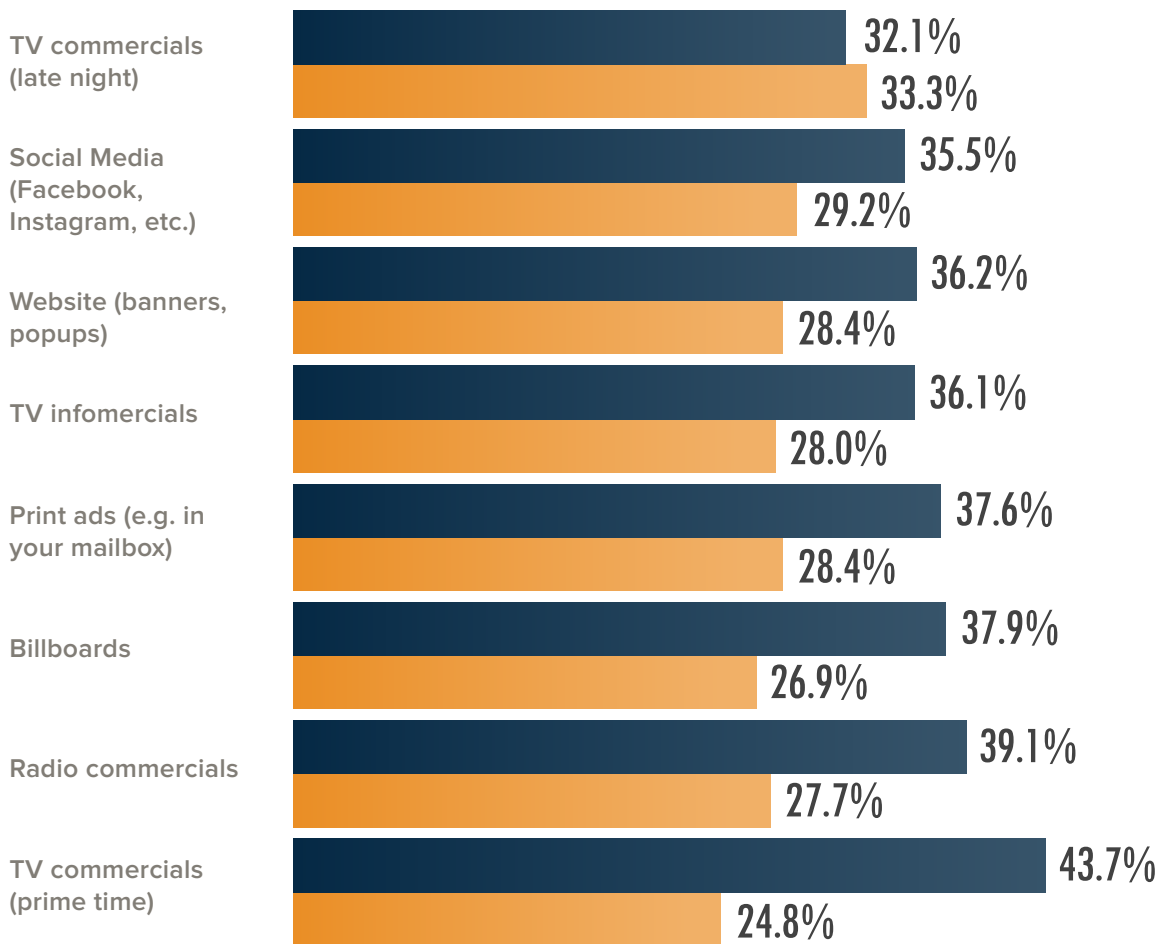
BILLBOARDS, TELEVISION COMMERCIALS, AND CANNABIS ADVERTISING

While it is easy for customers to avoid retailers that sell cannabis, it is increasingly difficult in legal recreation states to avoid certain advertisement types for cannabis retailers and manufacturers. As recreational legalization continues its march forward, such advertisements (though restricted to certain mediums) will continue to appear on consumers' radar.

HOW COMFORTABLE ARE YOU WITH THE IDEA OF ENCOUNTERING CANNABIS-RELATED ADS IN THE FOLLOWING PLACES?

OVERALL ■ % Uncomfortable ■ % Comfortable

1—Extremely uncomfortable 2—Somewhat uncomfortable 3—Neither comfortable nor uncomfortable
4—Somewhat comfortable 5—Extremely comfortable



It seems that, overall, consumers are relatively neutral about encountering cannabis-related advertisements in various forms.

Interestingly, respondents are most comfortable with advertisements appearing on late night television yet are least comfortable with television commercials in prime time. This reminds us that context is always

key—it's not that respondents object to advertisements appearing on television, it's that they might appear in what is generally regarded as family television time.

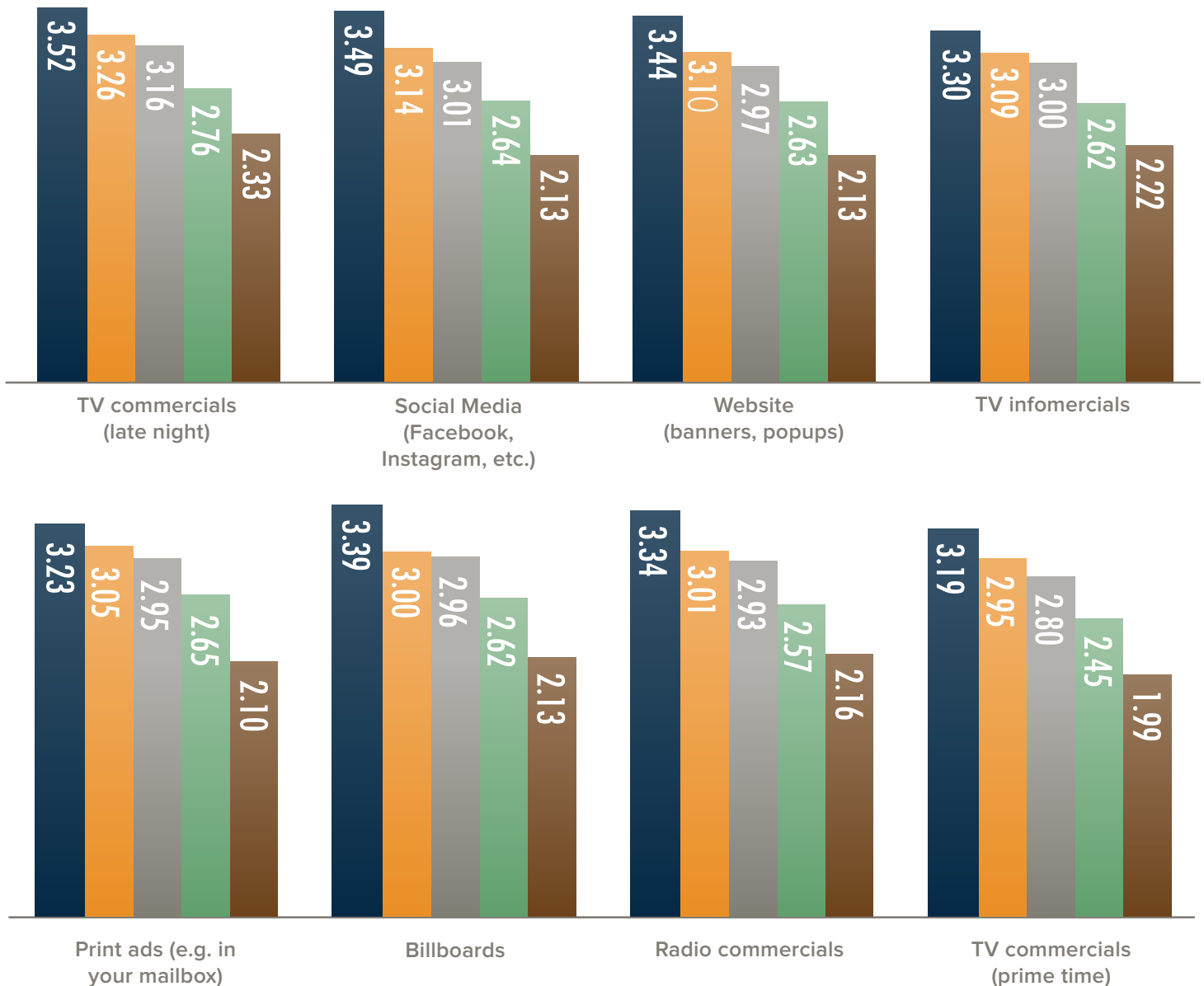
Cannabis billboards, which already dot the southern California landscape, will likely be the first wave of cannabis advertisements consumers encounter.

BILLBOARDS, TELEVISION COMMERCIALS, AND CANNABIS ADVERTISING

HOW COMFORTABLE ARE YOU WITH THE IDEA OF ENCOUNTERING CANNABIS-RELATED ADS IN THE FOLLOWING PLACES?

BY GENERATION ■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent

1 — Extremely uncomfortable 2 — Somewhat uncomfortable 3 — Neither comfortable nor uncomfortable
4 — Somewhat comfortable 5 — Extremely comfortable

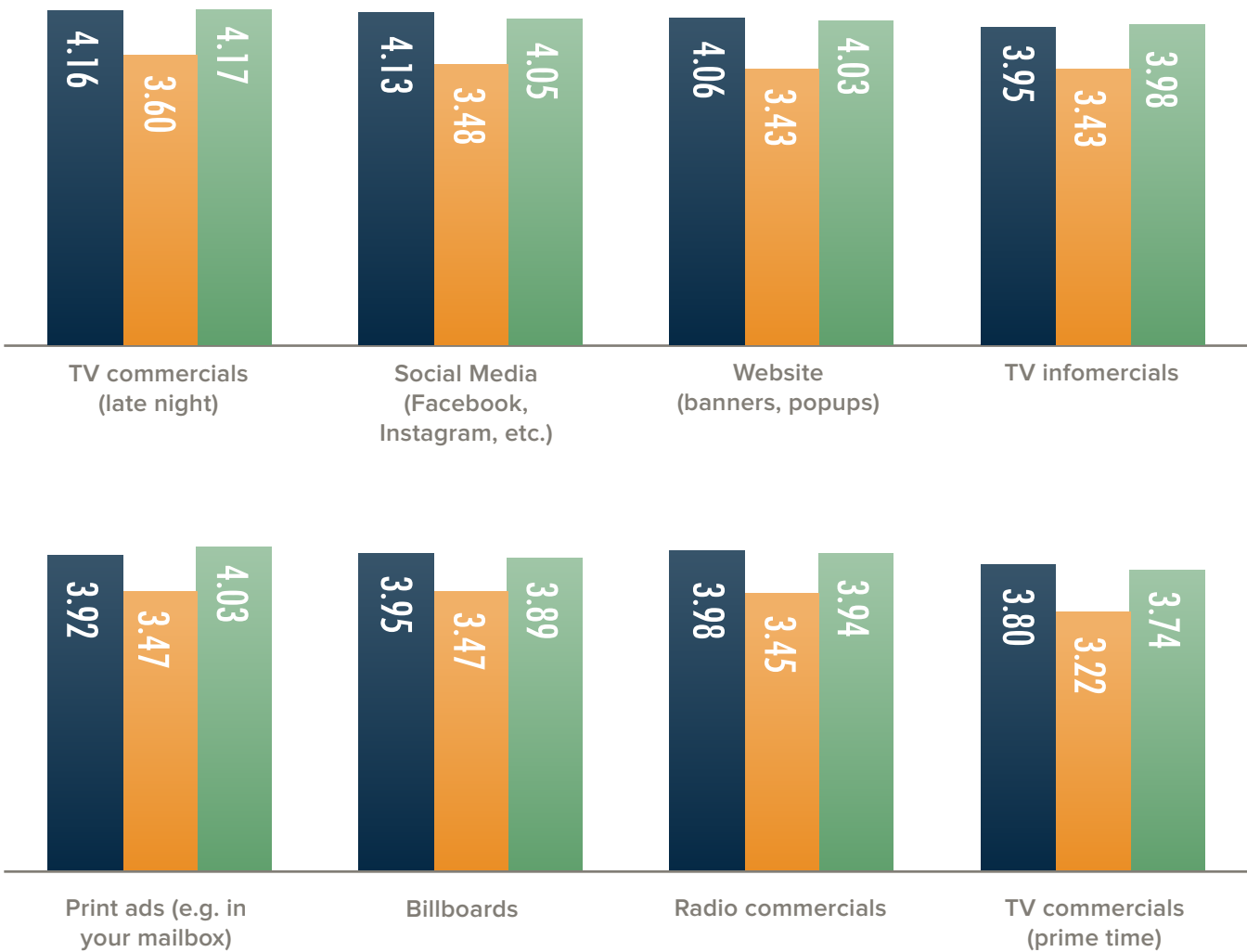


BILLBOARDS, TELEVISION COMMERCIALS, AND CANNABIS ADVERTISING

HOW COMFORTABLE ARE YOU WITH THE IDEA OF ENCOUNTERING CANNABIS-RELATED ADS IN THE FOLLOWING PLACES?

BY TYPE OF USER ■ Recreational ■ Medical ■ Both

1 — Extremely uncomfortable 2 — Somewhat uncomfortable 3 — Neither comfortable nor uncomfortable
4 — Somewhat comfortable 5 — Extremely comfortable



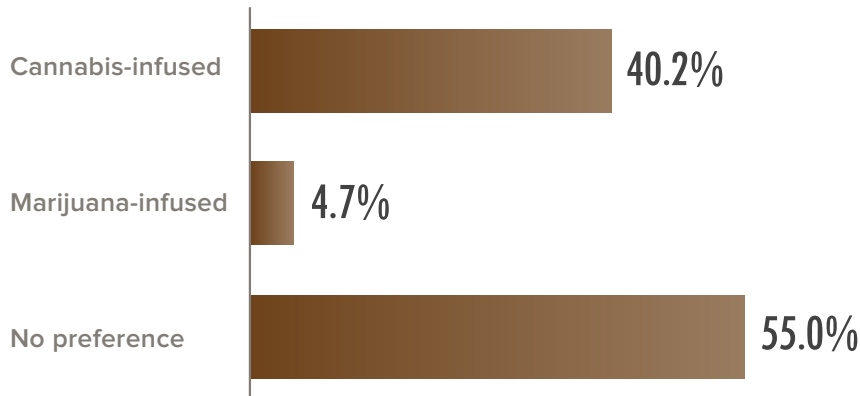
And, once again we see that younger generations and current cannabis users are relatively more comfortable with cannabis advertisements than older generations and non-users.

A WORD ABOUT TERMINOLOGY

Speaking of advertising, our data also suggests that a little less than half of respondents are sensitive to branding terminology.

WOULD YOU BE MORE LIKELY TO PURCHASE PRODUCTS LABELED “CANNABIS-INFUSED” OR “MARIJUANA-INFUSED”?

OVERALL

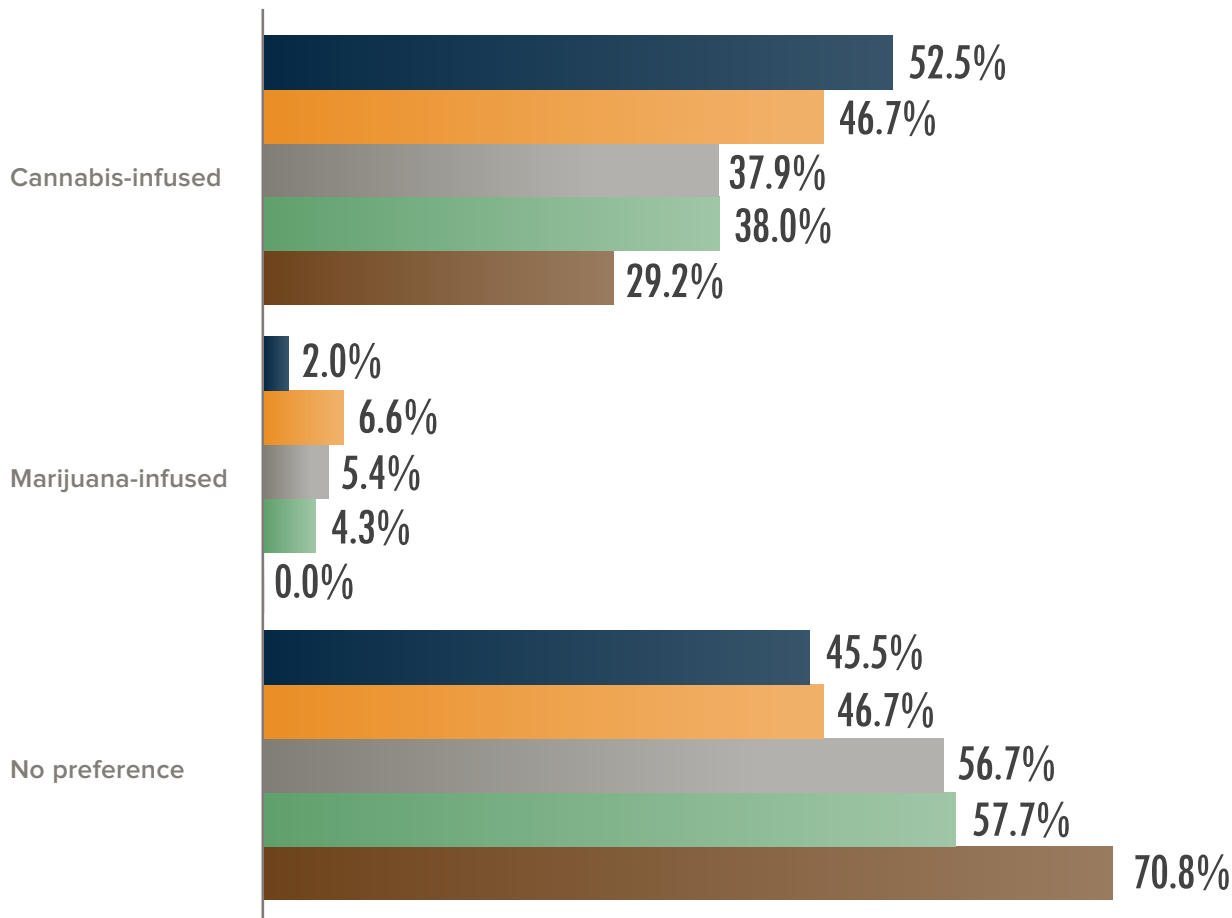


These numbers demonstrate that consumers view products branded “cannabis-infused” significantly more favorably than products labeled “marijuana-infused.”

This, of course, makes sense. The word ‘marijuana’ carries a legacy of prohibition, anti-drug campaigns, and the black market, whereas cannabis speaks to a more professionalized, less illicit product. Sure, both words describe the same product and psychoactive substance, but consumers are far friendlier to ‘cannabis’ than they are to ‘marijuana’. And, as you can see below, this trend carries across multiple segmentations.

BY GENERATION

■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent

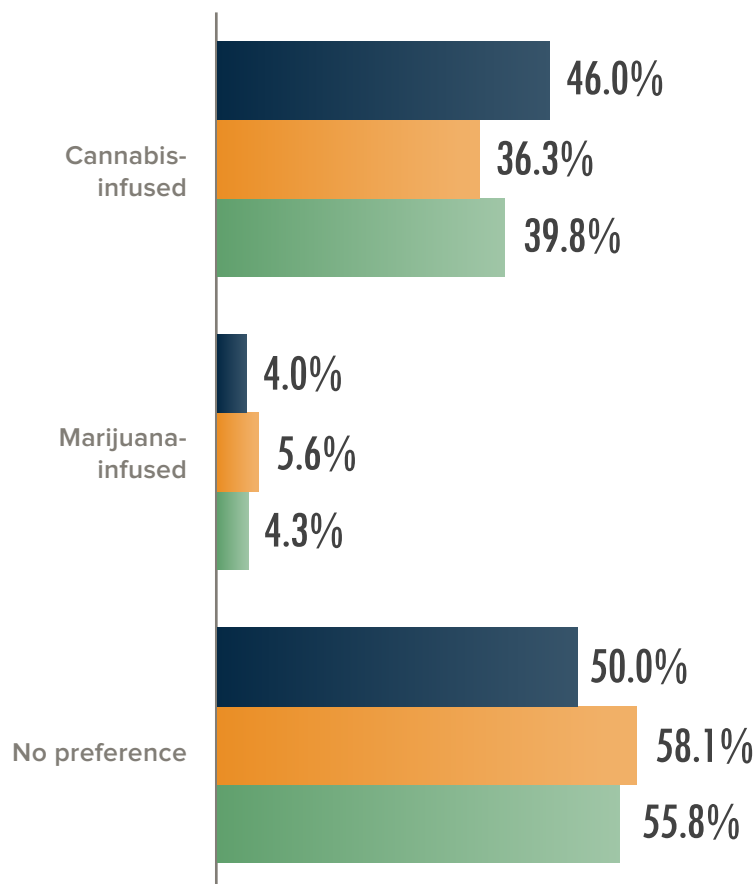


A WORD ABOUT TERMINOLOGY

WOULD YOU BE MORE LIKELY TO PURCHASE PRODUCTS LABELED “CANNABIS-INFUSED” OR “MARIJUANA-INFUSED”?

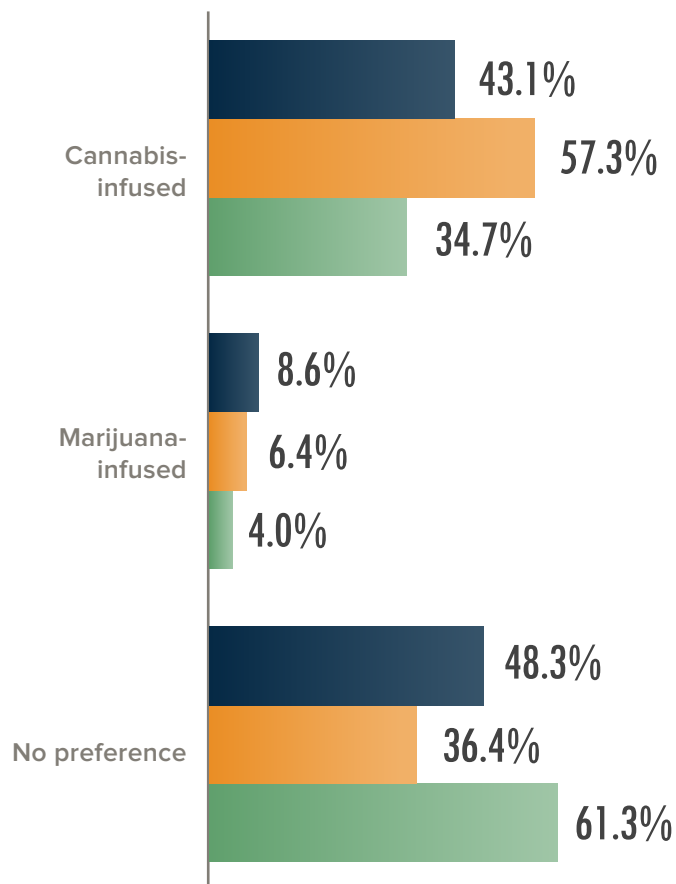
BY STATE LEGAL STATUS

■ Recreational ■ Medical ■ Not legal



BY TYPE OF USER

■ Recreational ■ Medical ■ Both



Consumers view products branded “cannabis-infused” significantly more favorably than products labeled “marijuana-infused.”



THC VS CBD

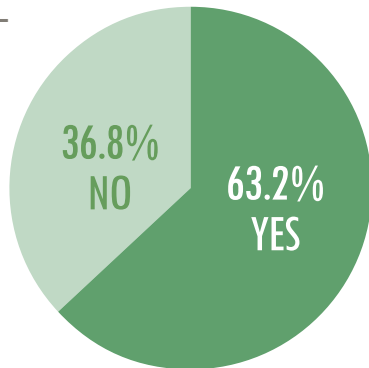
As cannabis gains cultural acceptance and consumers become more educated, the distinction between THC, the psychoactive component in marijuana that induces euphoria and munchies, and CBD, the component that affects the body and overall health, will become more important.

The perception of all cannabis products as hippie tools to get high will have to erode for consumers to truly adopt other forms of cannabis including topicals and supplements.

Our data suggests that some of this work has already been done.

DO YOU KNOW THE DIFFERENCE BETWEEN THC AND CBD?

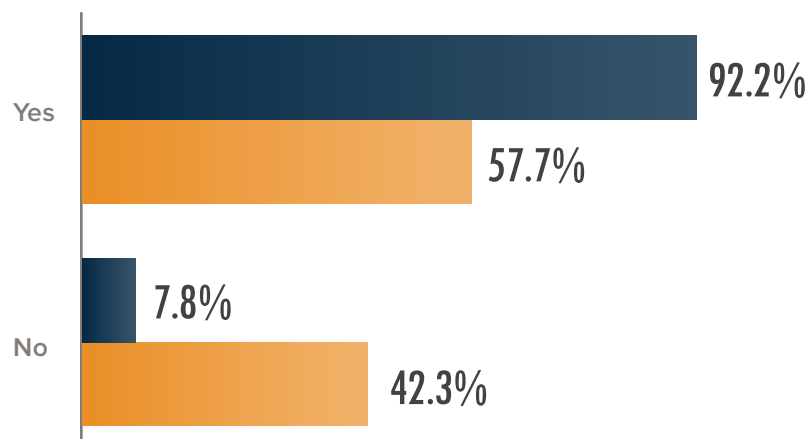
OVERALL



Indeed, nearly 2/3 of our respondent base, whatever their relationship to cannabis, already understands the distinction between these two compounds.

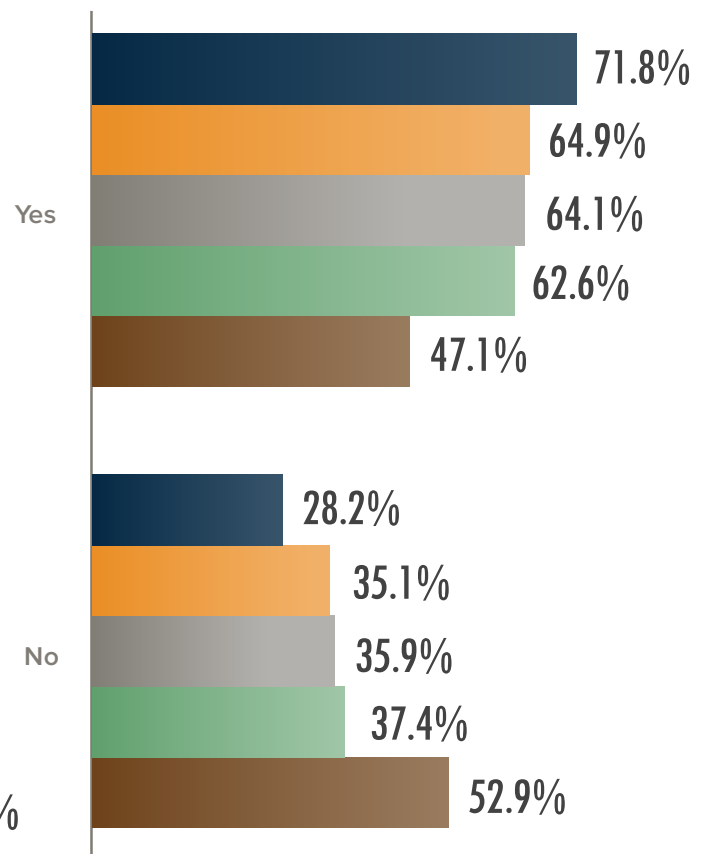
CANNABIS USER?

■ Yes ■ No



BY GENERATION

■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent



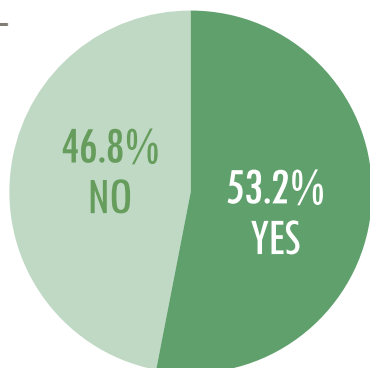
As would be expected, current cannabis users and younger generations both have a better grasp on the distinction than non-users and older generations.

ORGANIC GREENS

And finally, it is worth briefly noting that, overall, our users would be open to paying more for cannabis products that were certified organic. Thinking back to consumers rejection of snack foods and sodas, it appears that natural/organic is the way to go.

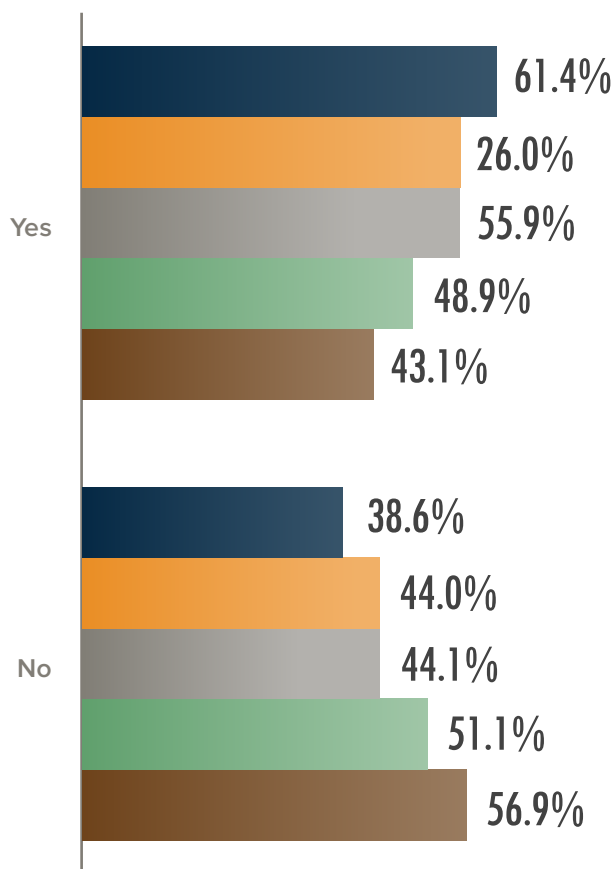
WOULD YOU BE WILLING TO PAY MORE FOR ORGANIC CANNABIS PRODUCTS?

OVERALL



BY GENERATION

■ Millennial 1 ■ Millennial 2 ■ Generation X ■ Baby Boomer ■ Silent



These numbers increase among younger generations who came of age with organic produce and CPG products. Whether they assume these products are safer, more natural, or even likelier to get them high, it is notable that the majority of respondents are willing to pay a premium for organic goods.



KEY ANALYSES AND RECOMMENDATIONS

The market is still young, and consumers are still figuring out what they want. Within this emerging market, we see a good amount of apathy, most apparent in the “no preference” answers many of our respondents chose when giving various options concerning purchasing channels, products, and experiences. This owes to the relatively new nature of the market, which consumers have yet to adapt to. As they gain experience, they will also develop preferences and expectations. But a significant portion of our respondents remain uncertain about the questions manufacturers and retailers are no doubt asking themselves.

Societal shifts are emerging but maybe not as rapidly as some people would like. Consumers are increasingly accepting cannabis’s public presence and legality, but they need its advance to be incremental. They are not ready for certain advertising forms or retail channels, but it appears they will become increasingly tolerant and indeed interested as they become more accustomed to it.

Medical cannabis is basically a non-issue at this point. Even 90% of non-users and the silent generation favor it.

The only thing more important than education is legalization. Purveyors and manufacturers must think about the educational experiences they offer their consumers, many of whom are likely new to the market.

THANKS FOR READING THE 2019 CANNABIS INDUSTRY REPORT!

For more consumer insights, visit our Consumer Study Page at
<http://trustedinsight.trendsource.com/consumerinsightstudy>

**HOW CAN WE HELP
YOUR BUSINESS?**

**CONTACT US
TO SCHEDULE A
FREE CONSULTATION.**



TrendSource, Inc.
4891 Pacific Highway, Suite 200
San Diego, CA 92110
(619) 718.7467
www.trendsource.com

Find us on:

