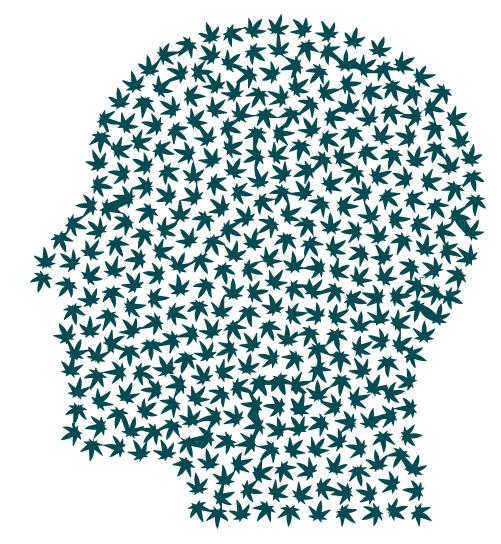
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NEW FRONTIERS

Measuring Marijuana

Agenda

- Why are we talking about Marijuana?
- What do we know about shoppers visiting dispensaries?
- How are traditional product categories impacted by Marijuana?
- How and why are people consuming cannabis?
- Why you should care?

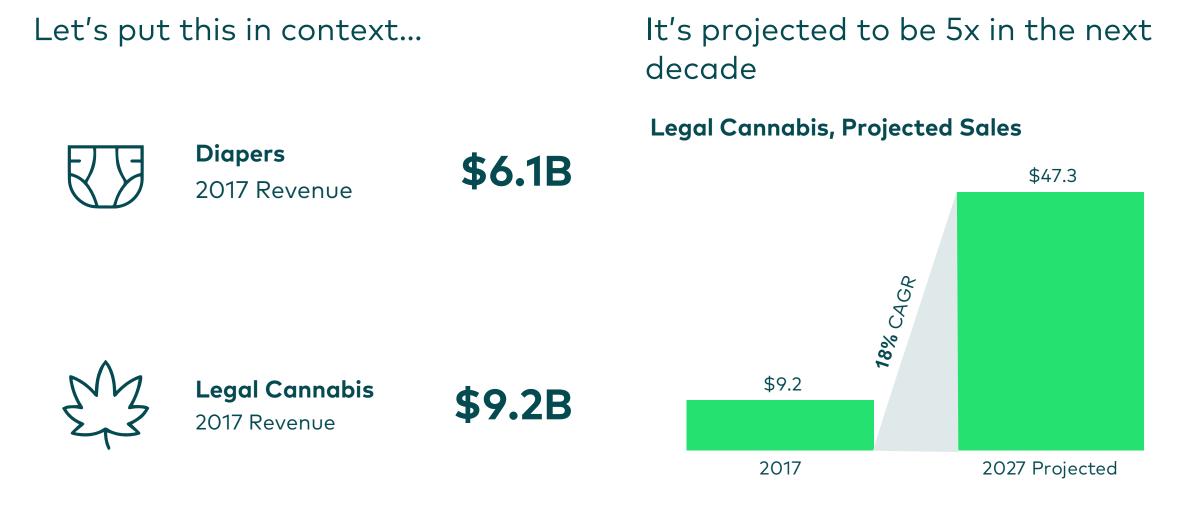




Why does Marijuana matter?



Legal Cannabis Is a Multi-Billion Dollar Category



https://globenewswire.com/news-release/2018/02/26/1387588/0/en/NEW-REPORT-Worldwidespending-on-legal-cannabis-will-reach-57-billion-by-2027.html; Numerator Data Explorer



Gains Are Not Necessarily Due to Legalization

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Marijuana study: Number of Americans toking up doubles in 10 years

Live TV
U.S. Edition + $\mathcal{Q} \equiv$

By Don Melvin, CNN Updated 10:24 AM ET, Thu October 22, 2015



Photos: History of marijuana in America

Public perceptions about pot have come a long way, from the dire warnings of "Reefer Madness" to growing acceptance of medical marijuana and the legalization of recreational use.



Story highlights

Percentage of users with signs of abuse declines 'significantly,' study finds

reasons, either -- according to a new study.

23 states allow medical use: four of those states allow recreational use

The percentage of American adults who had used marijuana within the last year was 9.5%, the study found. That compared to 4.1% in 2001-02.

(CNN) - A heck of a lot more Americans were toking up

in 2012-13 than 10 years before -- and not for medical

The study -- published this week in Jama Psychiatry, a monthly journal published by the American Medical Association -- was sponsored by the National Institute on Alcohol Abuse and Alcoholism. It was based on in-person interviews with more than 36,000 Americans over the age of 18.

A marked shift in attitudes



With the increase in use has come an increase in the total number of what the study called "marijuana use disorders."

But the authors of the study put that down to the increase in use: The percentage of pot smokers with such disorders actually dropped, with about one in three showing signs of dependence or abuse.

Newsweek U.S. EDITION V The Apr 19, 2018 A U.S. World Business Tech & Science Culture Sports Health Opinion Green Rankings Search C MARIJUANA USE IN THE U.S. HAS INCREASED MOST READ SINCE 2005, BUT NOT BECAUSE OF LEGISLATION, STUDY SAYS BY ROBERT VALENCIA ON 9/12/17 AT 5:40 PM SIGN UP FOR OUR NEWSLETTER Update your preferences nnabis use has steadily increased since 2005 across the U.S. among people 18 and olde RON WURZER/GETTY IMAGES **RELATED STORIES** SHARE 👔 💟 🔁 🛅 🕝 🥝 U.S. MARIJUANA POT CANNIEIS MEDICAL MARIJUANA American adults are smoking more pot, but increased cannabis use does not appear to be due to wider availability of legal marijuana, a new study shows. Pot consumption among women almost doubled between 1984 and 2015, from 5.5 percent of adults to 10.6 percent; meanwhile, 14.7 percent more men are toking up in 2015 compared to 8.8% since 2000, according to the report from the Public Health Institute. LATEST SLIDESHOWS

But researchers cautioned against assuming that relaxed laws governing recreational and medicinal pot are driving the trend.

"Results ...did not show significant increases in use related to medicinal marijuana legislation," lead investigator William Kerr said in a statement, "It appears that the passage of these policies reflects changing attitudes toward marijuana use, rather than the other way around."

Forbes / Washington / #Medicine

SEP 14, 2017 @ 12:07 PM 13,205 @

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Study: Rise In Marijuana Use Not Caused By Legalization

Tom Angell, CONTRIBUTOR I cover the policy and politics of marijuana FULL BIO \sim Opinions expressed by Forbes Contributors are their own.

Marijuana use is sharply rising in the United States, but the trend is not the result of the growing number of state laws that allow legal use of recreational or medical marijuana.

That's the conclusion of a study in the journal Addiction that was published online this week.

"Medical and recreational marijuana policies did not have any significant association with increased marijuana use," the study found. "Marijuana policy liberalization over the past 20 years has certainly been associated with increased marijuana use; however, policy changes appear to have occurred in response to changing attitudes within states and to have effects on attitudes and behaviors more generally in the U.S."



Researchers at the Public Health Institute's Alcohol Research Group analyzed data from periodic National Alcohol Surveys and stacked its results on marijuana use against changes in state laws.

Twenty-nine states and Washington, D.C. have comprehensive legal medical cannabis programs, and eight states and D.C. have legalized marijuana for adults over 21 years of age.

Related Video: Your brain on weed 0

Regardless, It Has a Direct Impact on Other Categories

Dozens of industries could see a boost from legalized marijuana

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kers at Los Suenos Farms in Colorado removed stems and leaves from newly-harvested marijuan

By Joshua Miller | GLOBE STAFF MARCH 27, 2017

A Swiss company that for years has provided Massachusetts with cigarette tax stamp services helping the state thwart the black market - has its eves set on what could be a much bigger public contract: tracking legal marijuana from seed to sale to keep it from being diverted to criminal enterprises.

"Cannabis obviously fits and aligns with the programs we already provide the Commonwealth to prevent criminal activity and protect the public," said Alex Spelman, a vice president of business development at SICPA Holding SA, which already does a multimillion-dollar business here.

Such product tracing is one of dozens of industries that could see a big boom in business when recreational marijuana shops, growhouses, testing facilities, and infused-product manufacturers (think candy and brownies) open in Massachusetts, probably next year.

Possibilities abound: Contractors to transform fallow warehouses to marijuana greenhouses for cultivators. Heating, ventilation, and air conditioning mechanics to keep the plants thriving. Security guards to keep watch over the drug - and the cash used to pay for it. Lobbyists to beat back some regulations, and promote others. Scientists to test for contaminants. Chefs who know how to make a delectable marijuana treat.



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Two lives. Nothing in

and Thomas Latanov

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JAN 22, 2018 @ 01:14 PM

Alcohol Sales Dropped 15% In States With Medical Marijuana Laws

Thomas Pellechia, CONTRIBUTOR FULL BIO V Opinions expressed by Forbes Contributors are their own

TWEET THIS

reduction in the U.S.'s overall alcohol consumption appears directly related to the rise of medical marijuana laws

counties located in medical marijuana states showed almost a 15 percent reduction in monthly alcohol sales



A joint study by researchers at two U.S. universities and one in South America claims a reduction in the U.S.'s overall alcohol consumption appears directly related to the rise of medical marijuana laws 🔰 recently enacted in a number of states. Presented by Michele Baggio, University of Connecticut, Storrs; Alberto Chong, Georgia State University, Atlanta and Universidad del Pacifico, Lima; and Sungoh Kwon, University of Connecticut, Storrs, the working paper may add to what



e legalized marijuana are also experiencing higher snack sales.



s is experiencing a feeding frenzy thanks to lots of people in legal pot states suddenly munchies.

y by Consumer Research Around Cannabis and Green Market Report found that 43 beople who bought recreational marijuana in the last four weeks chose McDonald's as fast food spot. Another 18.3 percent went to Taco Bell, 17.8 percent went to Wendy's and o Burger King.

Manufacturers Are Embracing the Trend

HIGH TIMES

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Former MillerCoors Brewmaster Is Launching New Weed-Infused Drinks **FORTUNE**

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A former MillerCoors brewmaster just unveiled plans for his new beverage venture.



NEWS



Keith Villa made a name for himself as the craft brewer behind the popular Blue Moon Belgian White Ale. But a few months ago, he left his 32-year brewing career with MillerCoors to start a different beverage venture. One that involves everyone's favorite plant: cannabis. Now, the former MillerCoors brewmaster is launching a new line of weed-infused drinks in Colorado.

Non-Alcoholic, THC-Infused Beer Is About To Hit Colorado

On Wednesday, ex-MillerCoors brewmaster Keith Villa revealed his new operation Ceria Beverages. Ceria is an Arvada, Colorado-based firm that is developing a line of three non-alcoholic, cannabis-infused beers

But Villa isn't going it alone. He's partnered Ceria with the breakthrough cannabinoid extract company ebbu. Ebbu specializes in creating effects-tailored cannabinoid extracts for use in recreational and medicinal cannabis-infused products.

According to ebbu CEO Jon Cooper, the company's recent breakthroughs enable them to give customers and patients fine-grained control over the experience and sensations they want from cannabis. And Villa wants to leverage that capability for Ceria's new cannabis craft beers.

Data Sheet—Anyone Who Cares About Business Excellence Should Read the Jeff Bezos Blue Moon's Creator is Making a Marijuana-Infused Beer f 🙄 向 🕒

The Black Men Arrested at

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Keith Villa, the man who created the recipe for the popular Blue Moon beer, has a new project: a marijuana-infused beer made by his new brewing company.

Instead of being brewed with alcohol, the beer will be infused with marijuana that is designed to mimic the effects of drinking a traditional beer. For example, people who drink three of the marijuana-infused beers would, in theory, feel the same effect as if they had consumed three traditional beers.

That's departure from how traditional marijuana edibles, whose effects can be delayed several hours, making it difficult for consumers to judge how much to eat, The Reno Gazette Iournal notes.

The name of the beer and pricing are still unknown.

A number of "marijuana-infused" beers are already on the market. However, those all contain CBD, a non-psychoactive component in cannabis. Federal law prohibits brewers from including the psychoactive compound THC in their beers, but Villa's product circumvents that because it doesn't actually contain any alcohol. His original creation. Blue Moon, is owned by MillerCoors

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Cannabis-Infused Beer Was Just Approved for Sale



ou high. But rest assured, the alcohol still works.

Breweria of Aurora, Colorado, has received approval from the Alcohol and Trade Bureau to sell its General Washington's Secret Stash IPA tains cannabinoids (CBDs) - but no THC - in all 50 states. re a miracle compound, and I thought it would be a responsible choice beer," explains Dad and Dudes co-owner Mason Hembree. "They are an neuro-protectant that have a lot of health benefits."

o Bitter? »

has had the brew on tap (under the codename Cannabeer) for more erving up the CBD-infused recipe in Colorado, where marijuana is legal. n Hembree and the rest of the Hembree family have been working with rnment for the same amount of time to get the approval to sell out of equired a complete analysis of the ingredients, recipe, and process jive formula approval for the Hembrees' patent-pending process used ile and the beer itself. Now that they've got the green light, anyone in ibe in an extra-buzzy IPA.

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the perfect time in the brewing process to add the CBD to the beer," If you add it too early it denatures when we refine the beer because the hes to the brewing yeast." After the patent on the brewing process is

And So Are Retailers: Brick & Mortar and Ecommerce



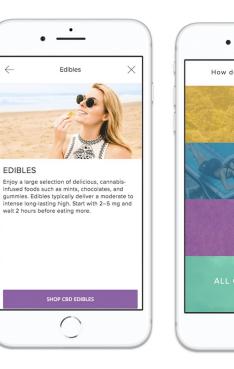


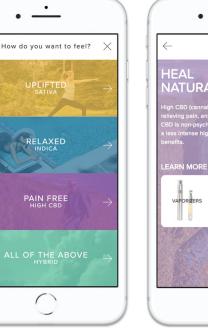
















What do we know about the shoppers purchasing marijuana from dispensaries?



They're Young, High-Income, Educated, and Urban









GENDER ON TRIP Male HHs: 40%, Index: 103



MARITAL STATUS Living w/Partner HHs: 58%, Index: 105





CHILDREN UNDER 17 No Children HHs: 73%, Index: 110





Numerator Shopper Profile Report; Index vs Households living in States where Marijuana is Legal, 10 Latest 52 Weeks through 2018.03.25



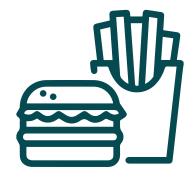
They're Making Roughly Two Cannabis-Trips Annually



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They're More Valuable than the Average American





Dispensary Shoppers spend +\$101 more on <u>Grocery</u>

Dispensary Shoppers spend +\$69 more on <u>Fast Food</u>



Which categories are impacted by cannabis consumption?



Impacted Categories: Alcohol, Snacks, Vitamins, etc.



14



Is Your Category a Complement or a Substitute?

For Alcoholic Beverage brands, the market-threat is real

Alcohol Consumption

Of Existing Cannabis Consumers



19% claimed they have <u>reduced</u> <u>Beer & Wine consumption</u> over the past year



79%

of Cannabis consumers are also consuming Alcoholic Beverages

Y

Whereas, 25% claimed that over the past year they have <u>reduced Spirits consumption</u>

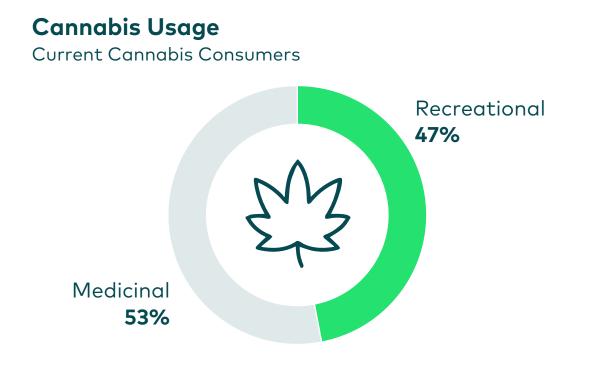


Why and how is cannabis consumed?

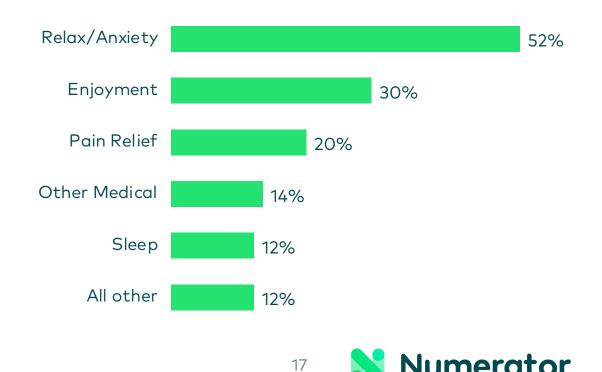


Consumer Intent... Why Mary Jane?

Breaking away from stereotypes of teenagers getting high in parks, even recreational marijuana is used to relieve stress/pain



Reason for Recreational Consumption Current Cannabis Consumers



Medicinal vs. Recreational

Pain and anxiety are the primary symptoms that users are looking to relieve irrespective of medicinal or recreational use

Medicinal Verbatims



Recreational Verbatims





Trends: Usually Smoked, Consumed Daily, Not for Parties





Most buy in-store, but 30% are likely to purchase online in the next month Smoking Over Edibles



2 in 3 prefer smoking cannabis while the other third prefer edibles

Daily Consumption



More than half of respondents consume every day

Not for Partying



3 in 4 typically consume cannabis either alone or with a partner



Key Conclusions



Key Conclusions

Why are we talking about Marijuana?

• Legal cannabis is a multi-billion dollar category and projected to be 5x as big in a decade

What do we know about shoppers visiting dispensaries?

• Dispensary shoppers skew younger, high income, well educated, urban and without children and are extremely valuable shoppers in the marketplace

How are traditional product categories impacted?

• Dispensary shoppers spend more than the average shopper on key categories such as alcohol, snacks, and vitamins

How and why are people consuming cannabis?

• Cannabis is consumed daily and either alone or with a partner and almost equally used for medical purposes and recreationally

Why you should care?

• Consumers claim they will change their consumption behaviors in alcohol. It is imperative to understand how this will affect your category





Will your category rise with the tide? or

Get dragged down with the increased proliferation and consumption of legal marijuana?



Next Steps for Numerator Partners

CATEGORY DEEP DIVE

- How do dispensary shoppers purchase my category?
- Is my category at risk?
- Is my category a substitute or complement?

CHANNEL DEEP DIVE

- What channels are affected?
- How important are these channels to my category?

UNDERSTANDING THE WHY?

- How are my shoppers consuming marijuana?
- Do they intend to purchase my category less?
- Do they view my category as a substitute or complement?

Consider checking out the

Dispensary Shopper People Group

> on the Numerator Insights platform



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Learn how your consumer's behavior is shifting <u>hello@numerator.com</u>