



Numerator

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

Let's put this in context...

It's projected to be 5x in the next decade



Diapers
2017 Revenue

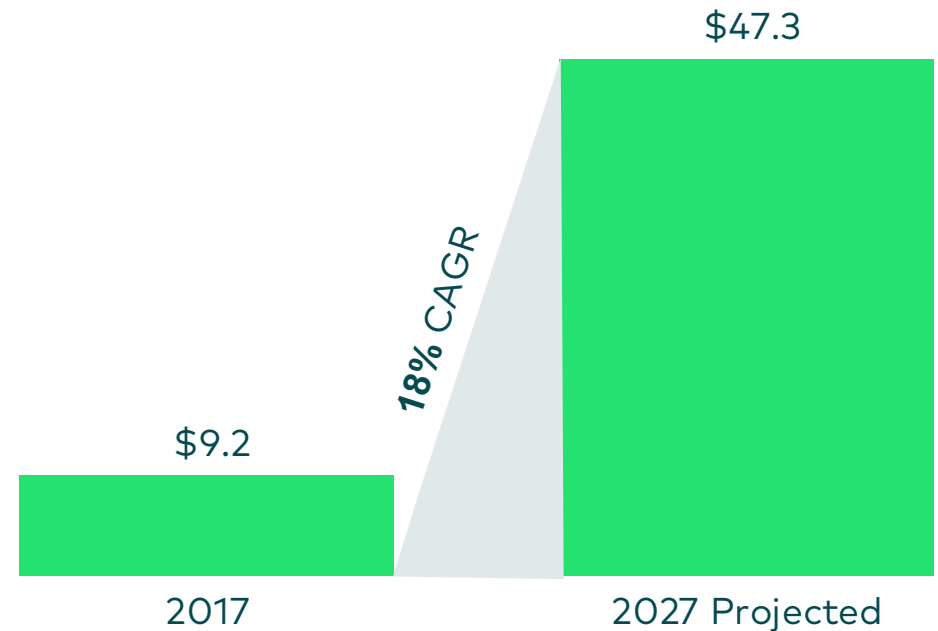
\$6.1B



Legal Cannabis
2017 Revenue

\$9.2B

Legal Cannabis, Projected Sales



Gains Are Not Necessarily Due to Legalization

CNN U.S. • Crime + Justice • Energy + Environment • Extreme Weather • Space + Science Live TV U.S. Edition

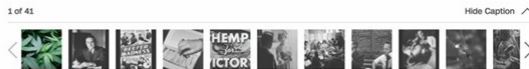
Marijuana study: Number of Americans toking up doubles in 10 years

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

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

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.

Related Video: Your brain on weed 01:39

Newsweek U.S. Edition Thu, Apr 19, 2018

MARIJUANA USE IN THE U.S. HAS INCREASED SINCE 2005, BUT NOT BECAUSE OF LEGISLATION, STUDY SAYS

BY ROBERT VALENCIA ON 9/12/17 AT 5:40 PM

Cannabis use has steadily increased since 2005 across the U.S. among people 18 and older.

RON WURZER/GETTY IMAGES

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MARIJUANA POT CANNABIS 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 taking up in 2015 compared to 8.8% since 2000, according to the report from the Public Health Institute.

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."

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Forbes / Washington / #Medicine

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

The Little Black Book of Billionaire Secrets

Study: Rise In Marijuana Use Not Caused By Legalization

Tom Angell, CONTRIBUTOR
I cover the policy and politics of marijuana FULL BIO

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."

Photo by Uriel Sinai/Getty Images

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.

Regardless, It Has a Direct Impact on Other Categories

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Dozens of industries could see a boost from legalized marijuana

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BRENNAN LINSLEY/ASSOCIATED PRESS/FILE

In October, farmworkers at Los Suenos Farms in Colorado removed stems and leaves from newly-harvested marijuana plants.

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 eyes 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.

Forbes / Food & Agriculture / #WineAndDine

JAN 22, 2018 @ 01:14 PM

The Little Black Book of Billionaire Secrets

Alcohol Sales Dropped 15% In States With Medical Marijuana Laws

Thomas Pellechia, CONTRIBUTOR
I write about the multi-leveled wine industry as well as wine history.
FULL BIO
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.




Shutterstock

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

U.S. EDITION Newsweek SIGN IN SUBSCRIBE

LEGAL MARIJUANA LIGHTS UP SALES FOR MCDONALD'S TACO BELL

KIC ON 9/29/17 AT 11:06 AM



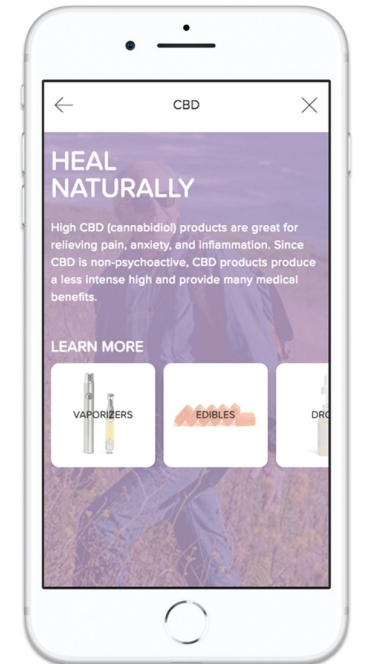
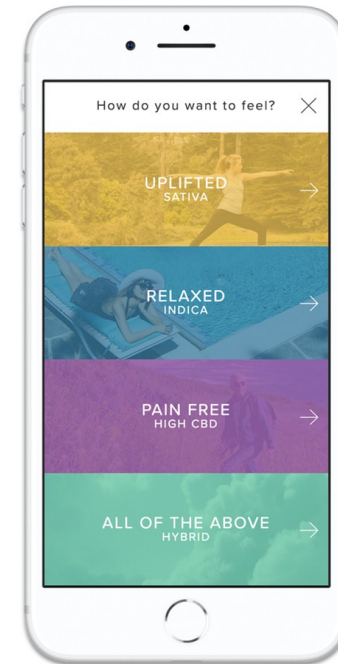
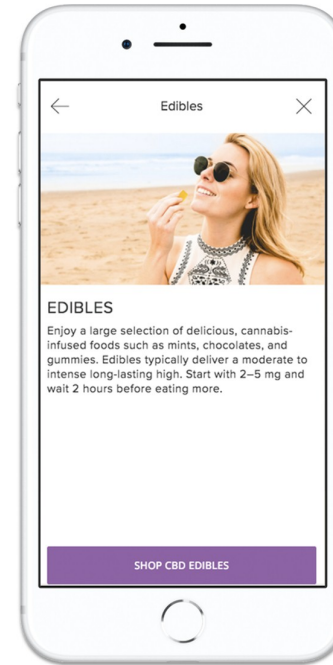
...e legalized marijuana are also experiencing higher snack sales.

MARIJUANA LEGAL WEED CANNABIS MCDONALD'S TACO BELL COLORADO

...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 people 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 0 Burger King.

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



AGE

21-34

HHs: 24%, Index: 111



INCOME

Over \$100k

HHs: 32%, Index: 129



ETHNICITY

Asian

HHs: 9%, Index: 131



GENDER ON TRIP

Male

HHs: 40%, Index: 103



MARITAL STATUS

Living w/Partner

HHs: 58%, Index: 105



HOUSEHOLD SIZE

1-2 People

HHs: 67%, Index: 113



CHILDREN UNDER 17

No Children

HHs: 73%, Index: 110



EDUCATION

Graduate School

HHs: 32%, Index: 146



URBANICITY

Urban

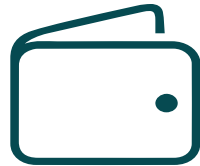
HHs: 31%, Index: 139

They're Making Roughly Two Cannabis-Trips Annually



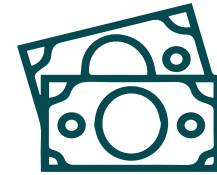
2.0

Trips
per Year



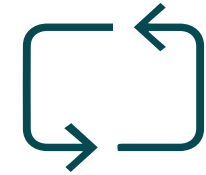
\$52

Spend
per Trip



\$104

Annual
Spend



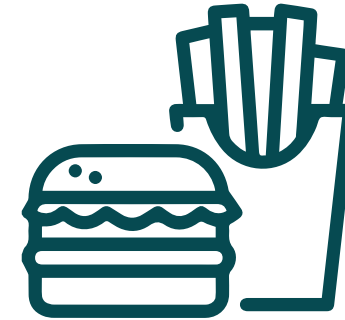
30%

of Households
Repeating

They're More Valuable than the Average American



Dispensary Shoppers spend
+\$101
more on Grocery



Dispensary Shoppers spend
+\$69
more on Fast Food

Which categories are impacted
by cannabis consumption?

Impacted Categories: Alcohol, Snacks, Vitamins, etc.



Households that have purchased Legal Cannabis, spend more in these categories



Alcohol
+\$20



Snacks
+\$17



Beverage
+\$17



Vitamins
+\$12



Condiments
+\$8



Candy
+\$8

Is Your Category a Complement or a Substitute?

For Alcoholic Beverage brands, the market-threat is real

Alcohol Consumption

Of Existing Cannabis Consumers



79%

of Cannabis consumers are also consuming Alcoholic Beverages



19% claimed they have reduced Beer & Wine consumption over the past year



Whereas, 25% claimed that over the past year they have reduced Spirits consumption

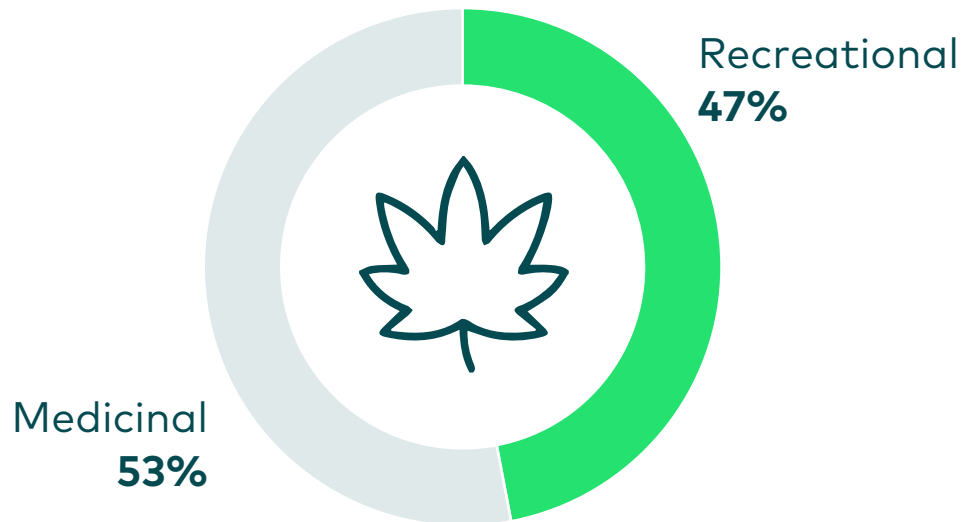
Why and how
is cannabis consumed?

Consumer Intent... Why Mary Jane?

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

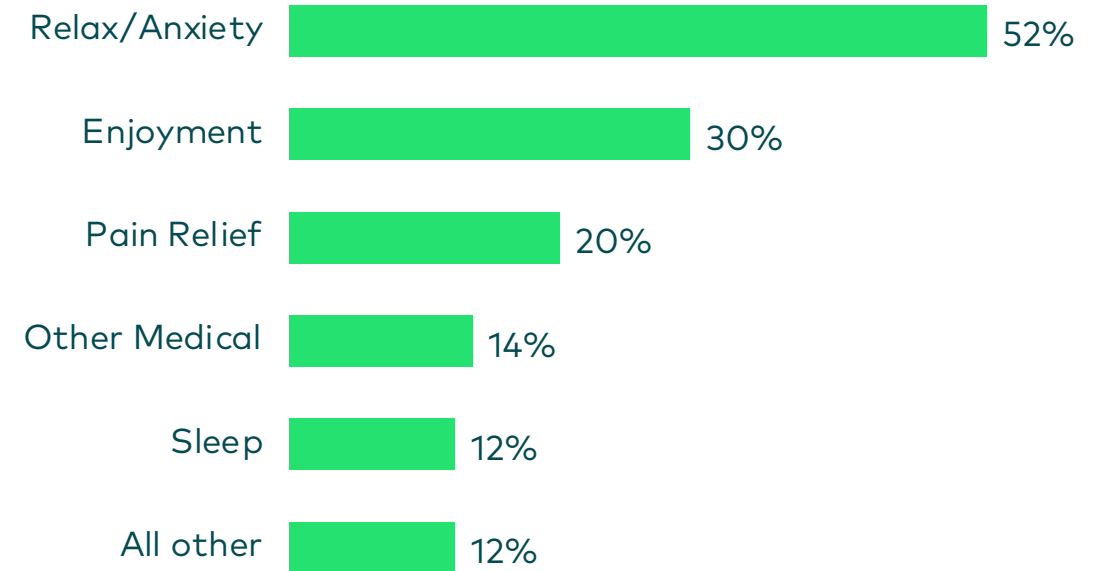
Cannabis Usage

Current Cannabis Consumers



Reason for Recreational Consumption

Current Cannabis Consumers



Trends: Usually Smoked, Consumed Daily, Not for Parties

Bought at Brick & Mortar



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



Numerator

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