

Legal Cannabis Trends and Convenience Stores

Presentation by

Jessica Lukas, SVP Commercial Development
Larry Levin, EVP Market & Shopper Intelligence

© 2020 BDS Analytics



2020 Legal Cannabis is...



Mainstream



So.Many.Product.Forms.



Everyone



Rapid Innovation

However, it is also...



Confusing



Battling Stigmas



Challenged

Legal
Cannabis is...
Growing



Majority Agree With Some Form of Legalization

~80% →  66%

of US adults agree there should be **some form of legal marijuana usage**

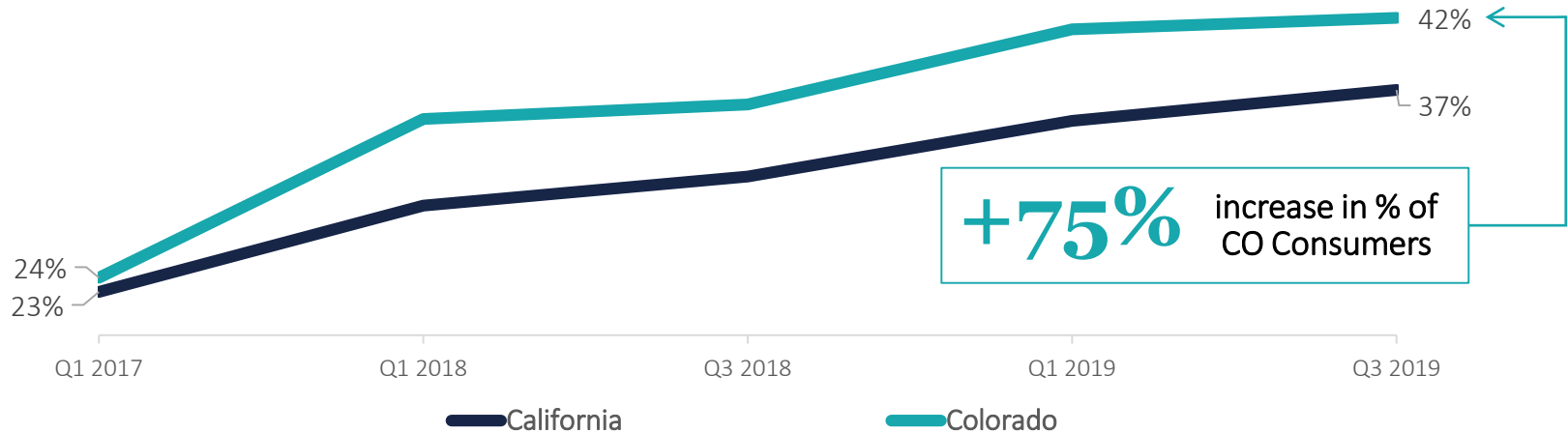
in US agree **marijuana has medical benefits**



BDS Analytics Consumer Research Q3 2019: US adults 21+

The size of the Cannabis Consumer market continues to grow

Percent of Adults 21+ Consuming Cannabis

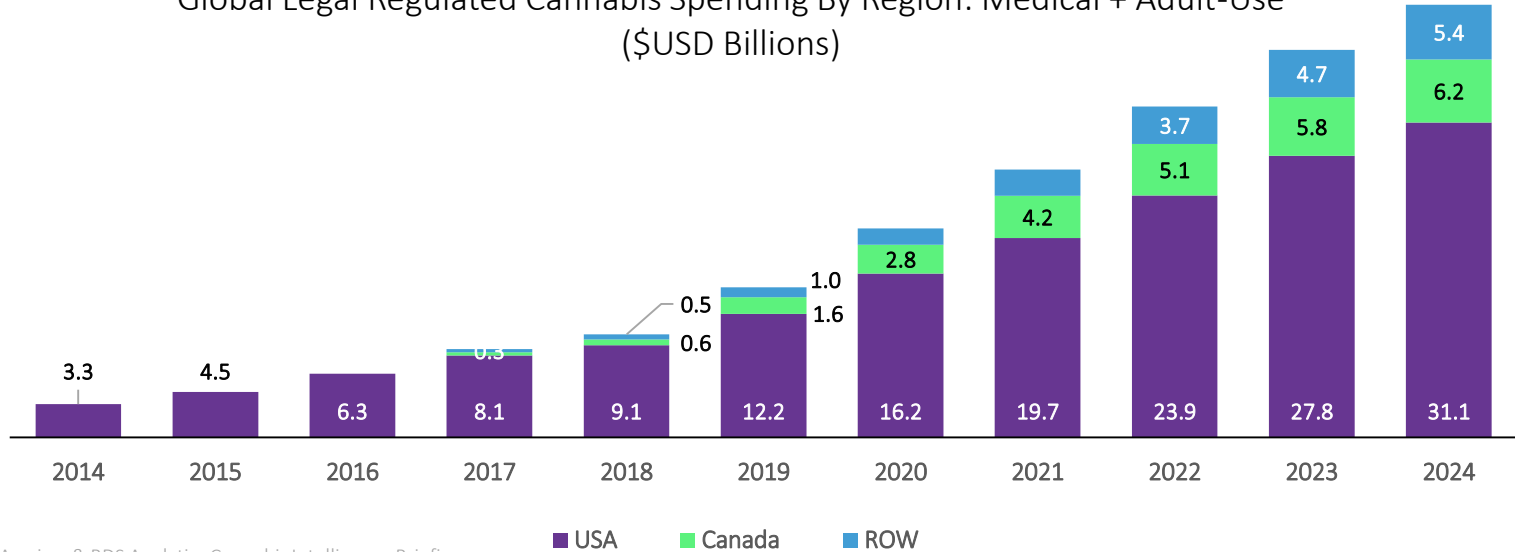


BDS Analytics Consumer Research across Cannabis Consumers: U.S. adults 21+ in Legal Level 1 States Q3 2019

BDS Analytics projects a global \$43B market in 2024

The U.S. Will Continue to Be the World's Largest Market

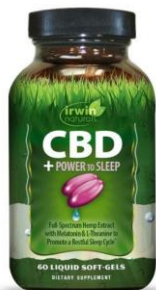
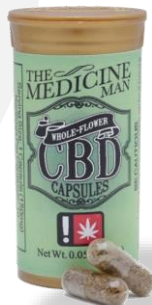
Global Legal Regulated Cannabis Spending By Region: Medical + Adult-Use
(\$USD Billions)



Source: Arcview & BDS Analytics Cannabis Intelligence Briefing

BUT Legal Cannabis is Not Just Marijuana and THC

CBD is Exploding across Forms & Channels



Massive Confusion Exists Today

Consumer Education is Necessary

Only

~25%

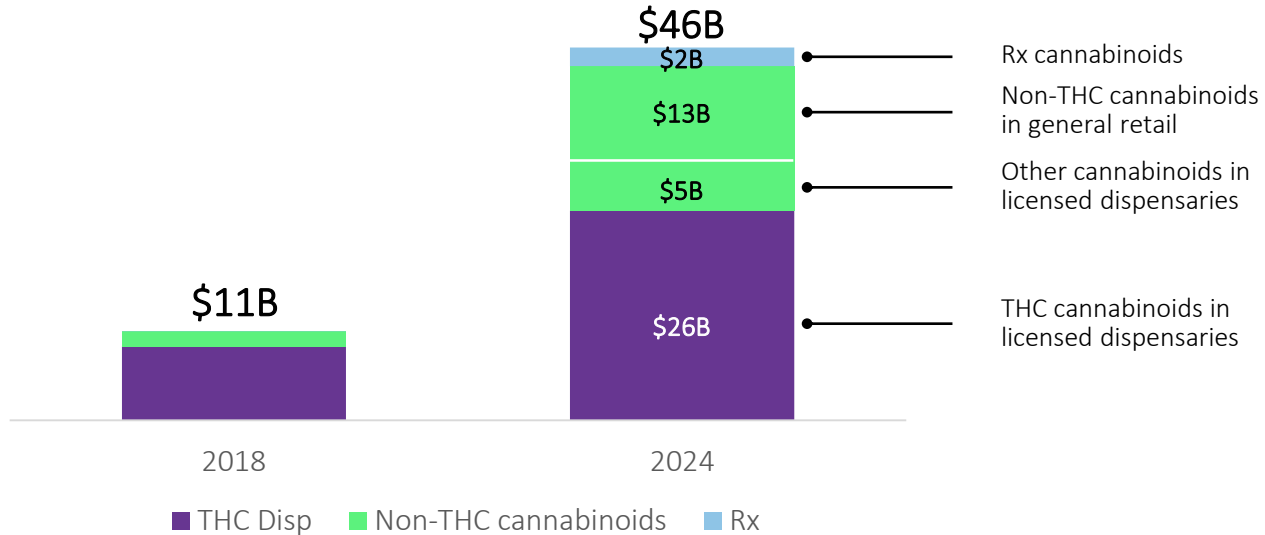
of U.S. 21+ population know
what cannabinoids are and can
articulate the definition



BDS Analytics Consumer Research Q1 2019: US adults 21+

With cannabinoids like CBD crossing into General Retail, BDSA projects a \$46B US Total Cannabinoid Market by 2024

Global Projected US Total Cannabinoid Revenues (\$B)



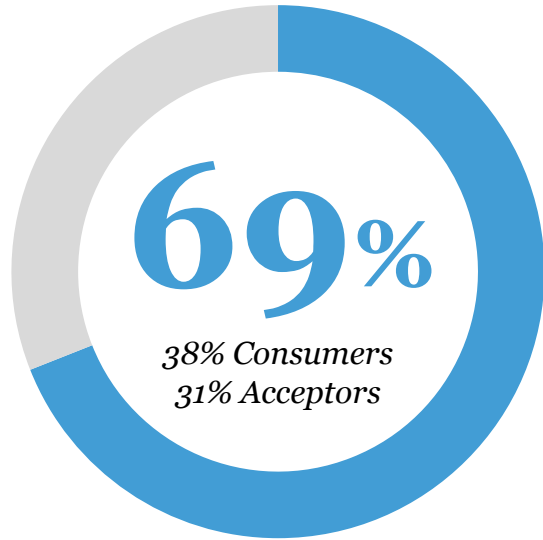
Source: BDS Analytics CBD Market Monitor; BDS Analytics and Arcview Market Research

Legal
Cannabis is...
Evolving



There are Consumers, Acceptors and Rejecters™ of Marijuana

Marijuana Acceptance is “Mainstream” and Growing



...of adults 21+ in Fully Legal U.S. States Consume Cannabis or are Open to Consuming Cannabis

31% are **Rejecters**
(would not consider in the future)

BDS Analytics Consumer Research Q3 2019: U.S. adults 21+ in Legal Level 1 States

There is No ONE Cannabis Consumer

Cannabis Consumers Span:

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

Marijuana Consumption is Multi-Purposed and Multi-Faceted

Health and Wellness Benefits of Cannabis are Not a Hemp-Derived Phenomenon



74% Recreational & Social



60% Health or Medical

32%

Consume for
Recreational & Social
and Health or Medical
Reasons

BDS Analytics Consumer Research across Cannabis Consumers: U.S. adults 21+ in Legal Level 1 States Q3 2019

Food & Bev a Go-To for Healthy Lifestyle

37% of Consumers Say FOOD is Just As Powerful as MEDICATION



Better for You

Removal of Less
Desirable Ingredients

Simpler Ingredients



Natural & Organic

Antibiotic-Free

Non-GMO



Healthful Ingredients

Omega-3s

Fiber

Protein

Fruits & Vegetables

Superfoods

AND C-Store Shoppers Seeking Healthier Options



18%

Trying to eat healthy;
weak alternatives



19%

Not enough
sales



16%

Don't drive as much...
Uber impact?

Of Cannabis Consumers...

69%
Consume Edibles

30%
Prefer Edibles

BDS Analytics Consumer Research Q3 2019: U.S. adults 21+ in Legal Level 1 States

Of Acceptors...

43%
Would Consider Edibles

23% Would consider Inhalables

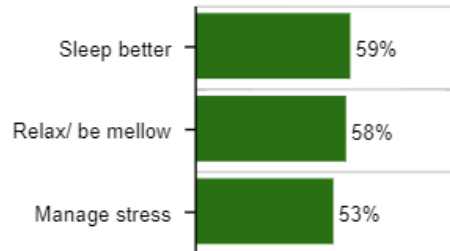
52% Would consider Topicals

BDS Analytics Consumer Research Q3 2019: U.S. adults 21+ in Legal Level 1 States

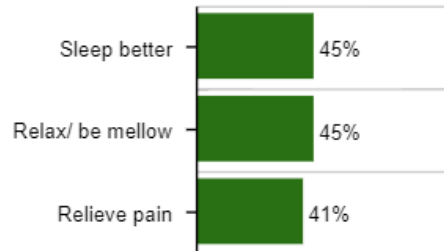
Edible consumption driven by wellness

CONSUMPTION BENEFITS

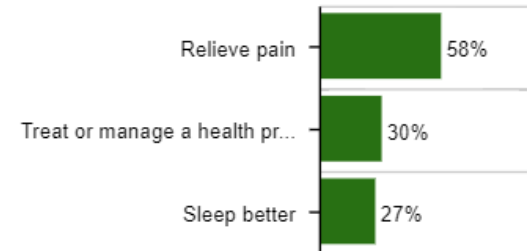
INHALABLE



EDIBLE



TOPICAL



BDS Analytics Consumer Research Q3 2019: U.S. adults 21+ in Legal Level 1 States

C-Store Top 5: \$100B

Top Five Categories



\$55.7B
-1.0%

Cigarettes



\$19.9B
+4.1%

Beverage/
Alcohol



\$9.9B
+9.5%

Energy Drink



\$8.7B
+8%

Carbonated
Beverage



\$7.7B
+6.5%

Smokeless
Tobacco

\$102.1B | 63.8%

Rapidly Evolving Cannabis Beverages



OUR BEERS



Beverages still small (6% of Edibles in Dispensary), BUT major shifts happening



\$ Sales

+19%

CBD \$ Sales

+25%

Low THC Dose \$ Sales

+94%

Powder \$ Sales

+51%

*BDS Analytics Retail Sales Tracking Data AZ, CA, CO, MD, NV, OR 2018 VS. 2019 THROUGH NOVEMBER

AND general market Hemp/CBD Beverages are *just getting started*



AND general market Hemp/CBD Beverages are *just getting started*



IRi
Growth delivered.

Any Hemp/CBD Beverage \$ Sales*

+168%

*IRI ILD 52 weeks ending 12/29/2019; YOY

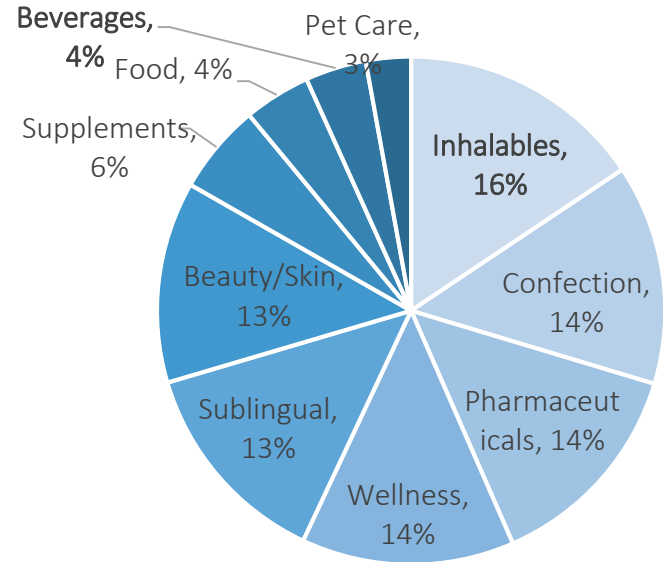
2019 US CBD: \$4.1B



Inhalables



Beverages



BDS Analytics' Projected U.S. CBD Market
Source: BDS Analytics CBD Market Monitor and Arcview Market Research

C-Store CBD By the Numbers...

\$112.3 Million of CBD/Hemp sales in C-store!

Up \$67 Million from 2018

Sold nearly 20 Million Units in 2019

89% of dollars and 85% of units are non-edibles

IRI 2019 C-Store Sales

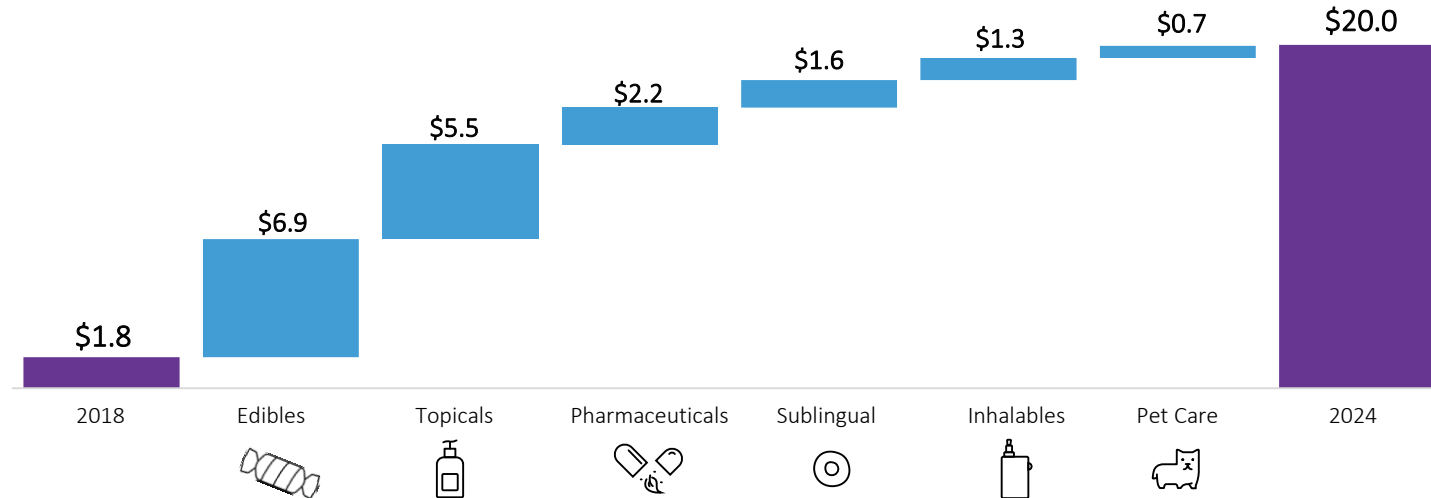
Legal
Cannabis is...

Everywhere



CBD Growth Will Largely Come From Edibles (Food, Candy, Beverages) and Topicals (Beauty, Skin, Wellness)

Projected U.S. Category Drivers of Growth (\$B)



Projected U.S. Category Drivers of Growth (\$B)

Source: BDS Analytics CBD Market Monitor and Arcview Market Research

BDS Analytics' forecasted CBD Opportunity

**2024 BDS
Analytics'
Forecast**
Total US

~\$1.7B BEVERAGE
Opportunity by
2024

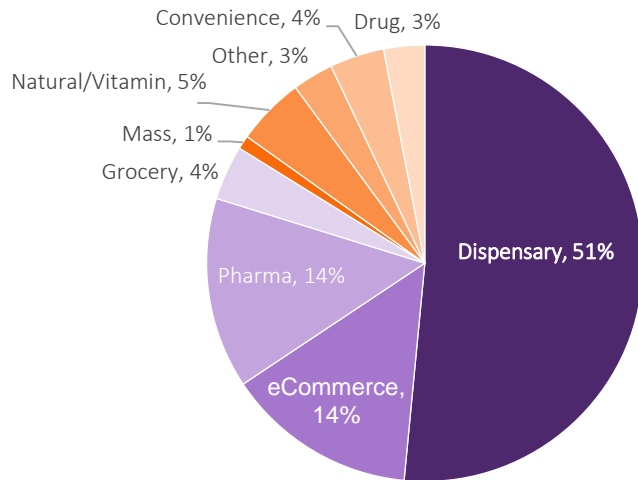
~\$1.7B INHALABLE
Opportunity by
2024

Projected U.S. Category Drivers of Growth (\$B)
Source: BDS Analytics CBD Market Monitor and Arcview Market Research

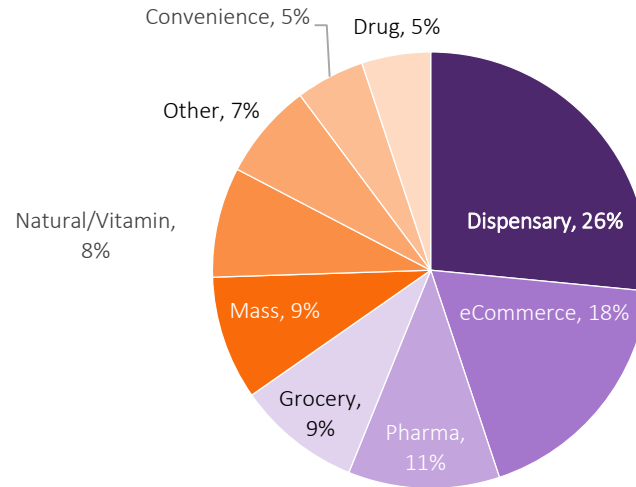
The Dispensary Channel Dominates CBD Product Sales Today and in the Foreseeable Future;

The Channel Make-Up Evolves but the Size and Importance of Dispensaries Cannot be Ignored

Projected 2019: \$4.1B



Projected 2024: \$20.0B



BDS Analytics' Projected U.S. CBD Market
Source: BDS Analytics CBD Market Monitor and Arcview Market Research

Brands will and are playing across channels—WANA BRANDS



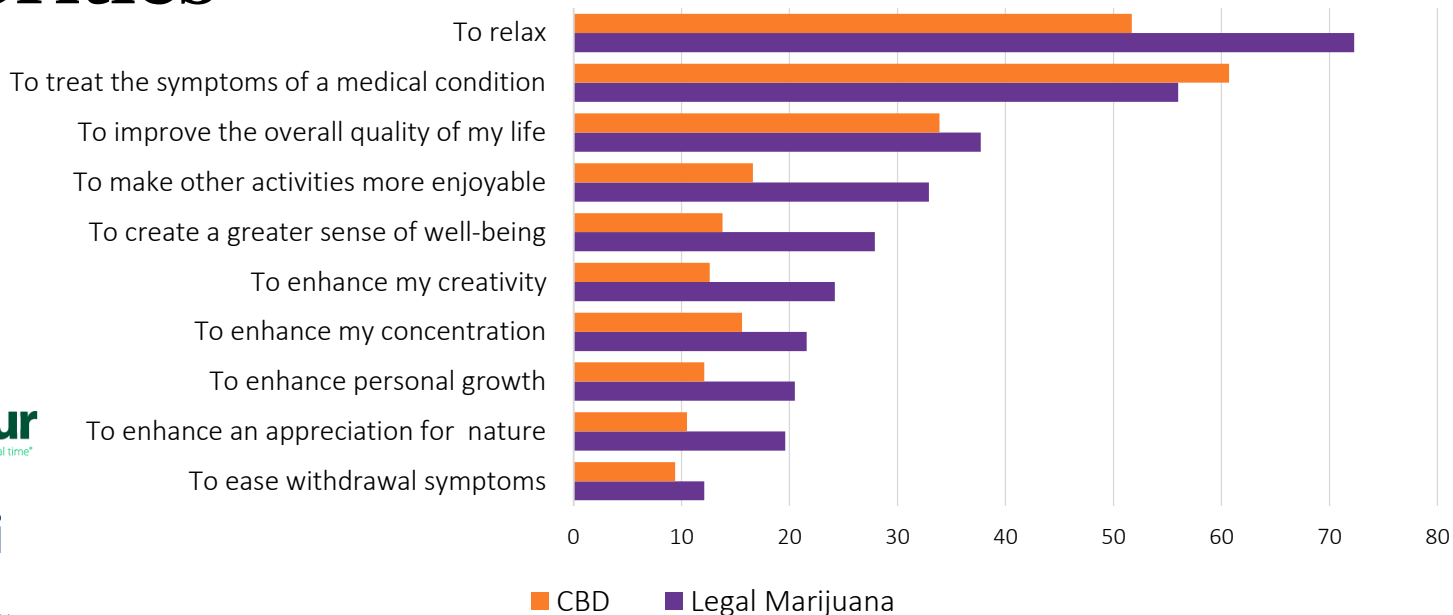
#1 Ingestible Brand in Dispensaries in the US, driven by Gummies, selling ~\$63M through Nov 2019 in BDSA tracked states

Source: BDS Analytics Retail Sales Tracking, 2019 YTD (November) \$ sales



CBD and Legal Marijuana

Same Primary Motivations, Different Priorities



Motivations for Use

IRI-MFour Cannabis Attitude and Usage Study, Feb. 2019



Legal Cannabis is...

- Consumed purposefully—*consumption is multi-faceted and complex*
- Disrupting EVERY consumer industry
- Presenting opportunities to innovate, develop, and learn
- Confusing, evolving, and changing—*you must keep up*

IT'S A NEW GAME. What does that mean for your business?

Contact:

Kelly Hickey, VP Business Development

khickey@bdsanalytics.com

