



Innovating for Success in the Cannabis & CBD Categories

June 2019

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WTF

WHAT THE FUTURE | VOL2 NO1

VICE

What changes as cannabis becomes legal in more places?
PAGE 05

Why wouldn't people use cannabis?
PAGE 09

Can cannabis dining make people just say yes?
PAGE 12

What does innovation look like in an age-old industry?
PAGE 18

What are the odds that sports wagers will be bigger business?
PAGE 20

What is the future of secrets?
PAGE 27

PLUS The relative morality of "Vices" around the world, in an Ipsos Global Advisor survey
PAGE 20

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WHAT THE FUTURE | WINTER 2013

HOUSING

Are real estate headlines and big tech leading affordable housing?
PAGE 05

Will today's high-end urban amenities become tomorrow's middle class?
PAGE 07

How will your house affect your bank's bottom line?
PAGE 11

As people grow older, will their homes support their changing needs?
PAGE 15

Can government help people move to housing and stay there?
PAGE 19

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WHAT THE FUTURE | SUMMER 2013

HEALTH

Are we poised for a new health care revolution?
PAGE 05

Can technology make the patient more proactive?
PAGE 09

Will people trust the doctor they need?
PAGE 13

Will patients be the best at their own health?
PAGE 17

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WHAT THE FUTURE | SPRING 2014

MOBILITY

Will a driverless future be better or just?
PAGE 05

What would your car be like in the future?
PAGE 09

When will the driverless car arrive?
PAGE 13

Will you need your car if you can afford to ride?
PAGE 17

Can electric vehicles be the future?
PAGE 21

When will we see autonomous cars?
PAGE 25

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WHAT THE FUTURE | FALL 2014

FOOD

Will we be eating more locally grown food?
PAGE 05

Can technology make the food supply more efficient?
PAGE 09

Will we be eating more plant-based proteins?
PAGE 13

Will we be eating more lab-grown meat?
PAGE 17

Will we be eating more food from space?
PAGE 21

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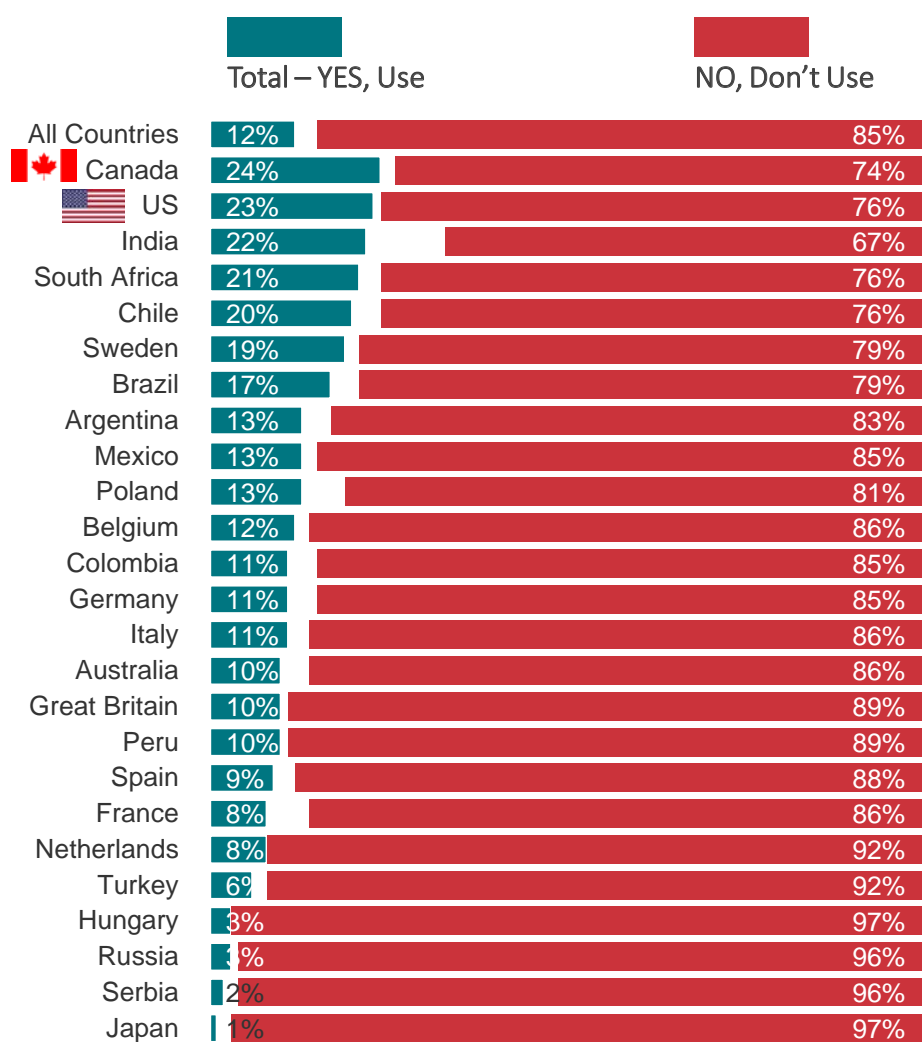
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We have
come a long
way on how
our society
views
cannabis...

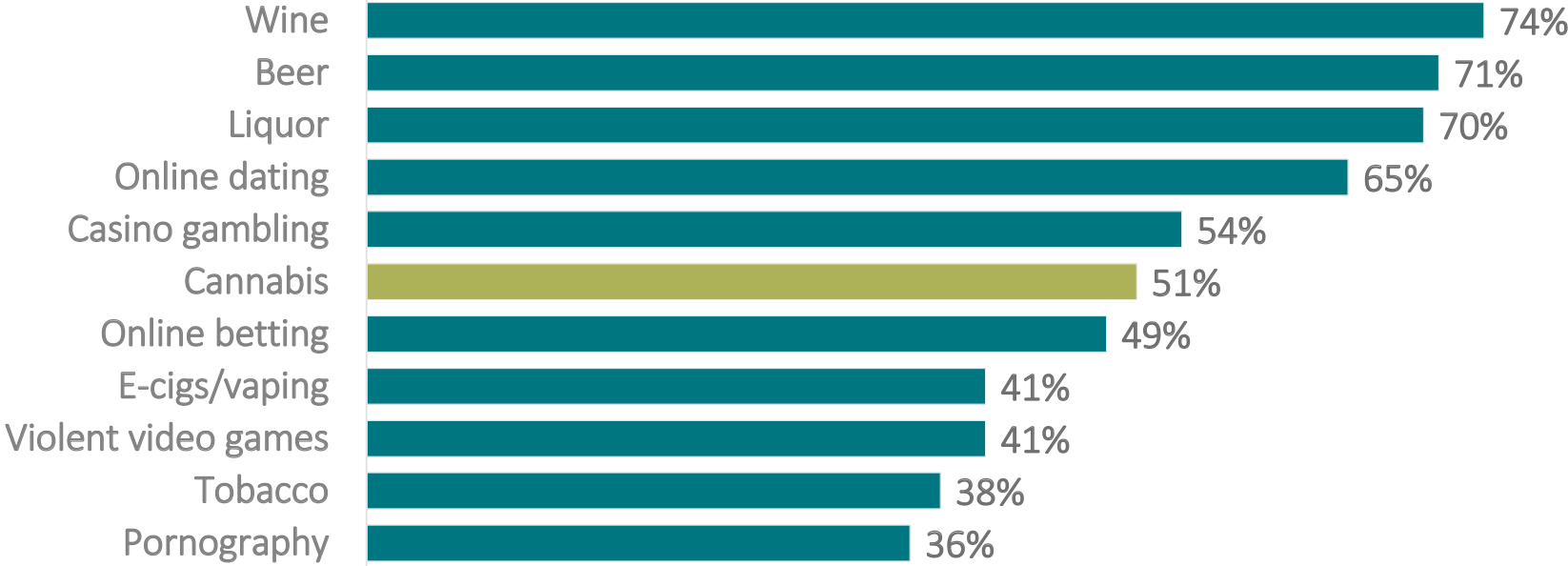


USA ranks second in consumption of cannabis, slightly behind Canada



What is morally acceptable to use (in moderation)?

% of Americans

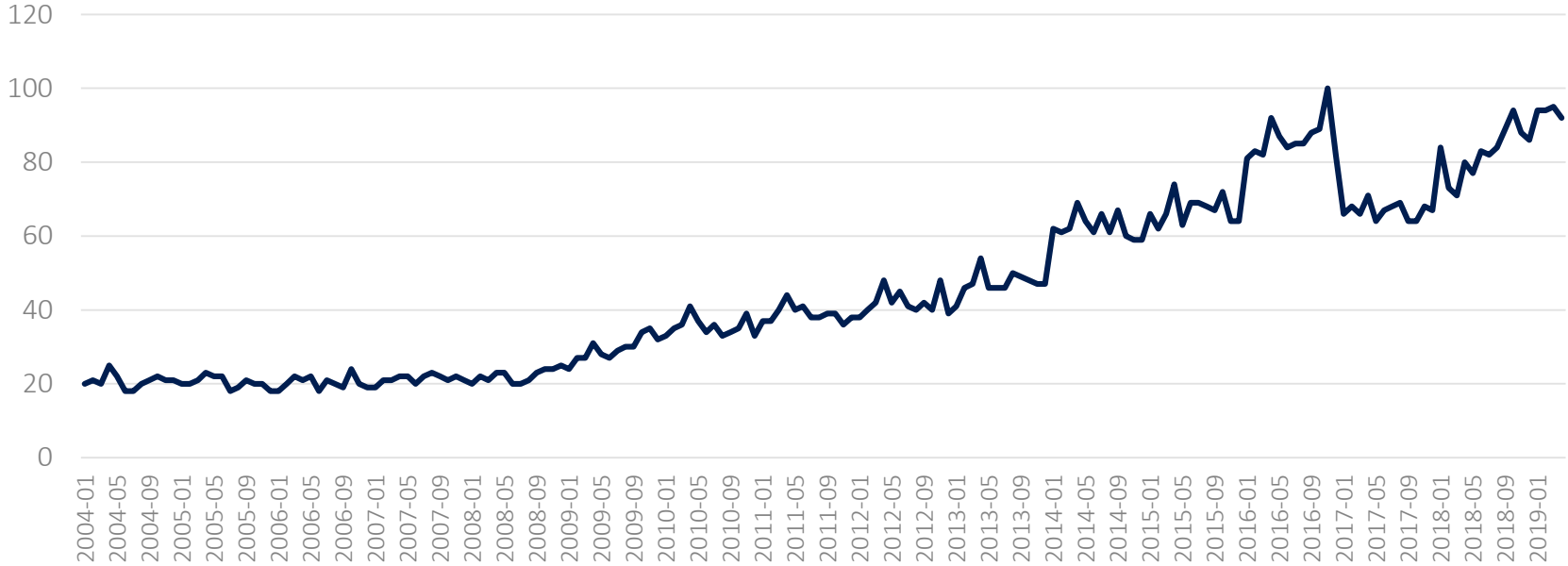


Source: Ipsos Global Advisor Omnibus December 2018



Since 2004, "Cannabis" has progressively become a more common search term

Google "Cannabis" Search Trends
USA Data (2004 to Present)

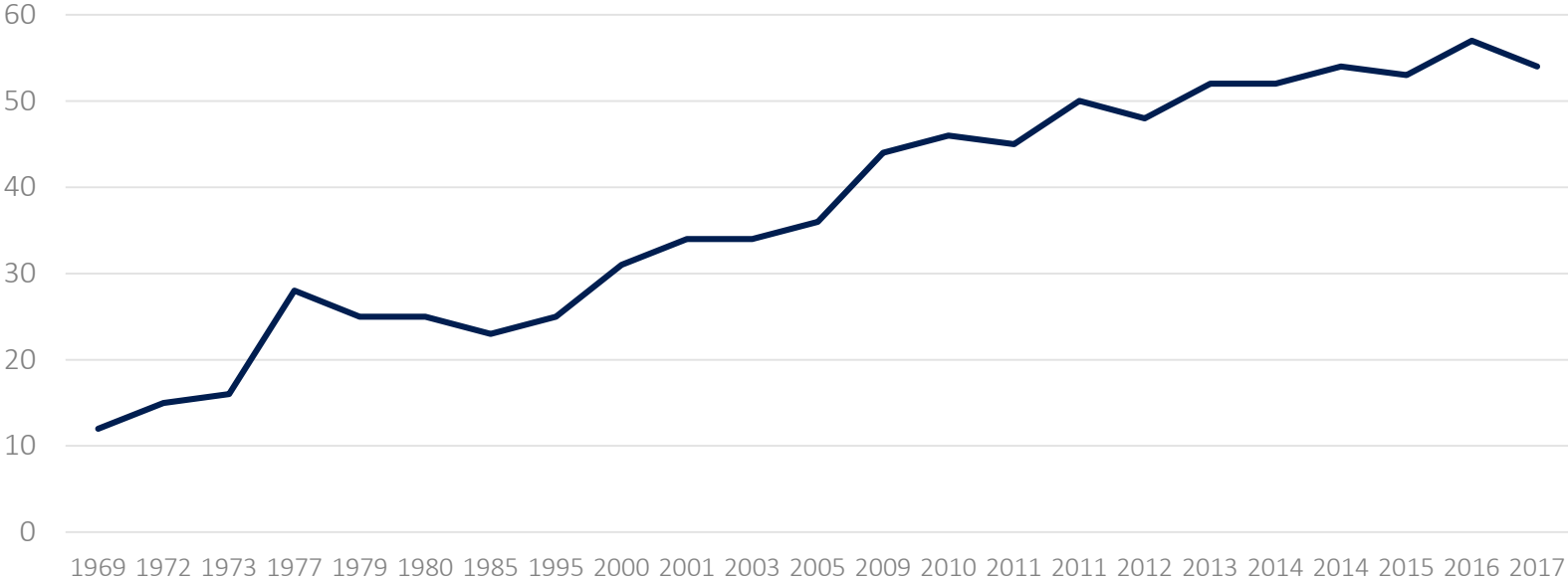


Source: Google Trends



Support for legalization has increased steadily since 1969

Support for Legalization of Cannabis in the USA (1969 to 2017)



Source: https://www.pewresearch.org/wp-content/uploads/2018/10/FT_18.10.09_MarijuanaUpdate_toplevel_for_release.pdf
Ipsos data from 2017: <https://venturebeat.com/2017/12/06/u-s-pot-industry-high-tech-high-finance-and-high-times/>

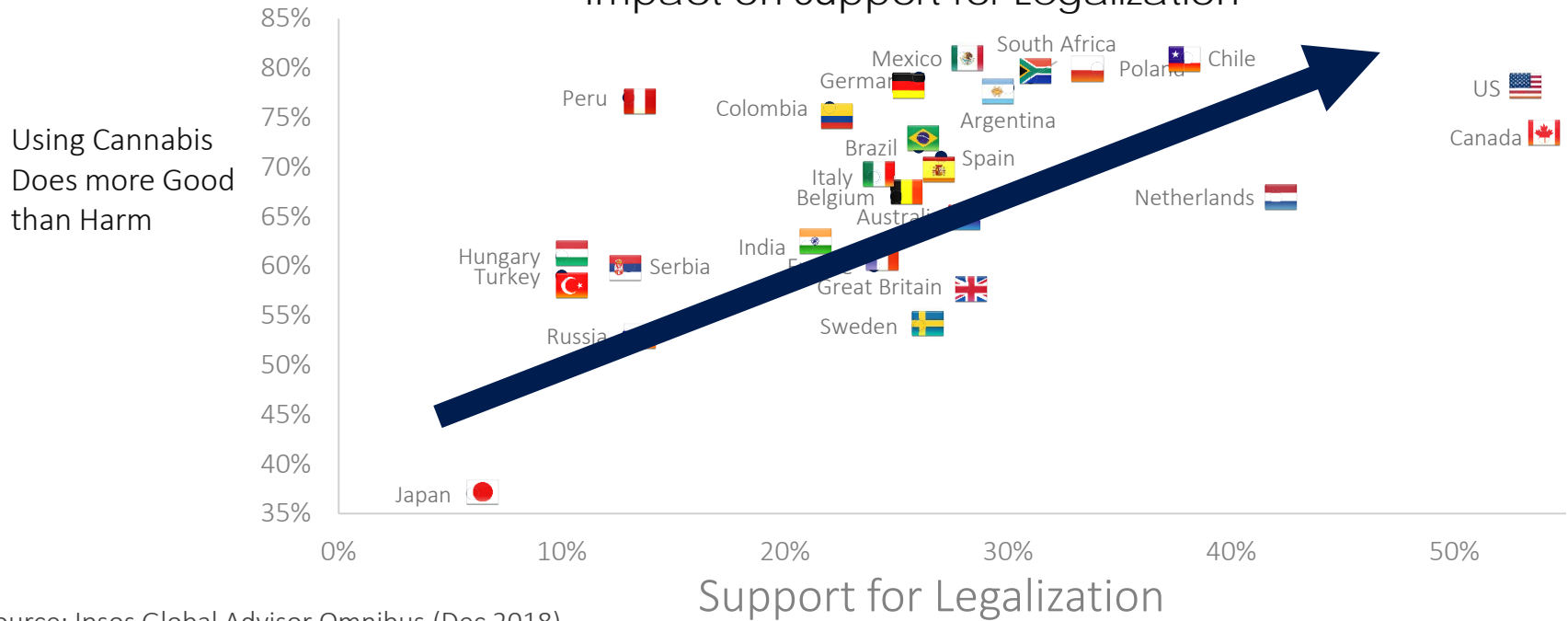


What's driving the increased social acceptance of cannabis, and how can it inform innovation strategies?

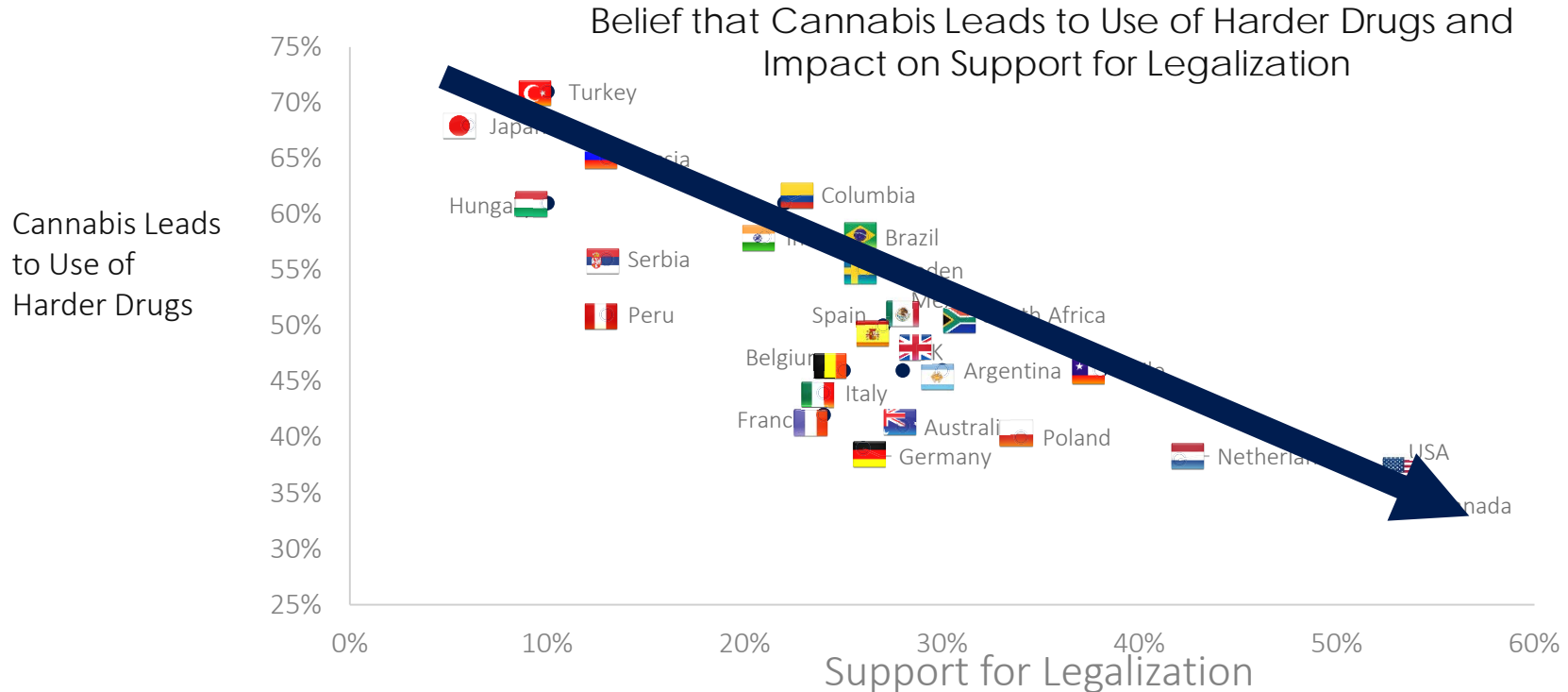


Countries with higher support for legalization believe cannabis does more good than harm

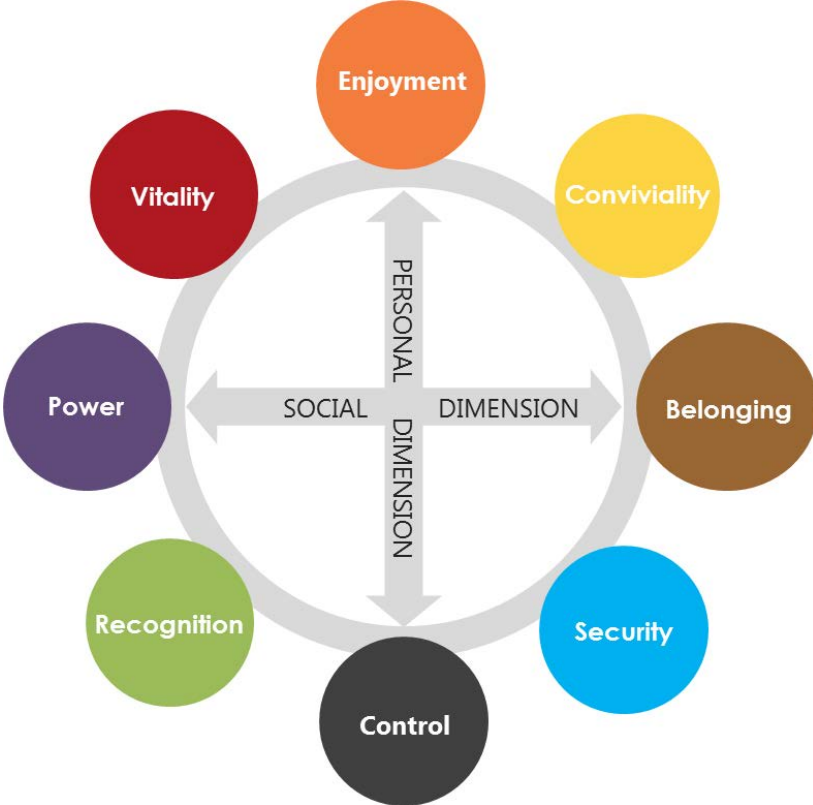
Support for Using Cannabis for Medical Reasons and Impact on Support for Legalization



Countries with higher support for legalization are less likely to believe cannabis leads to harder drug use



We also know that people are motivated by 8 fundamental core motivations



Ipsos data shows that consumers feel cannabis meets a wide variety of need states, for both medical and recreational reasons

MEDICAL NEED STATES

RECREATIONAL NEED STATES



Mood Issues
Arthritis
Sleeping Issues
Physical Pain
Other Chronic Mental Illness
Other Chronic Physical Illness
Stress/Anxiety
Energy Issues

Treat Myself
Lift my Mood
More Fun
Good Time
Satisfy a Craving
De-Stress
Reward
Relax
Energized





What are the key barriers to increased use?



But also some **consumer tensions which** can be addressed via **innovation**

"Too expensive"

"I don't like the thought of smoking"

"I don't like the smell"

"I don't feel comfortable using it"

"I am afraid of the potential side effects"

Innovation can help
address different
need states to
maximize reach and
minimize
cannibalization
within your portfolio.





How is cannabis consumed?
Let's talk about formats.



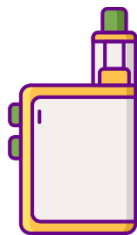
Most cannabis is being smoked as whole flower, but edibles are slowly gaining ground

HOW CONSUMED/USED



67%

BONG, PIPE, JOINT MADE FROM BUDS/FLOWERS



36%

VAPORIZER



24%

EDIBLE



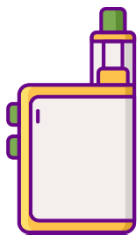
18%

PRE-ROLLED JOINT



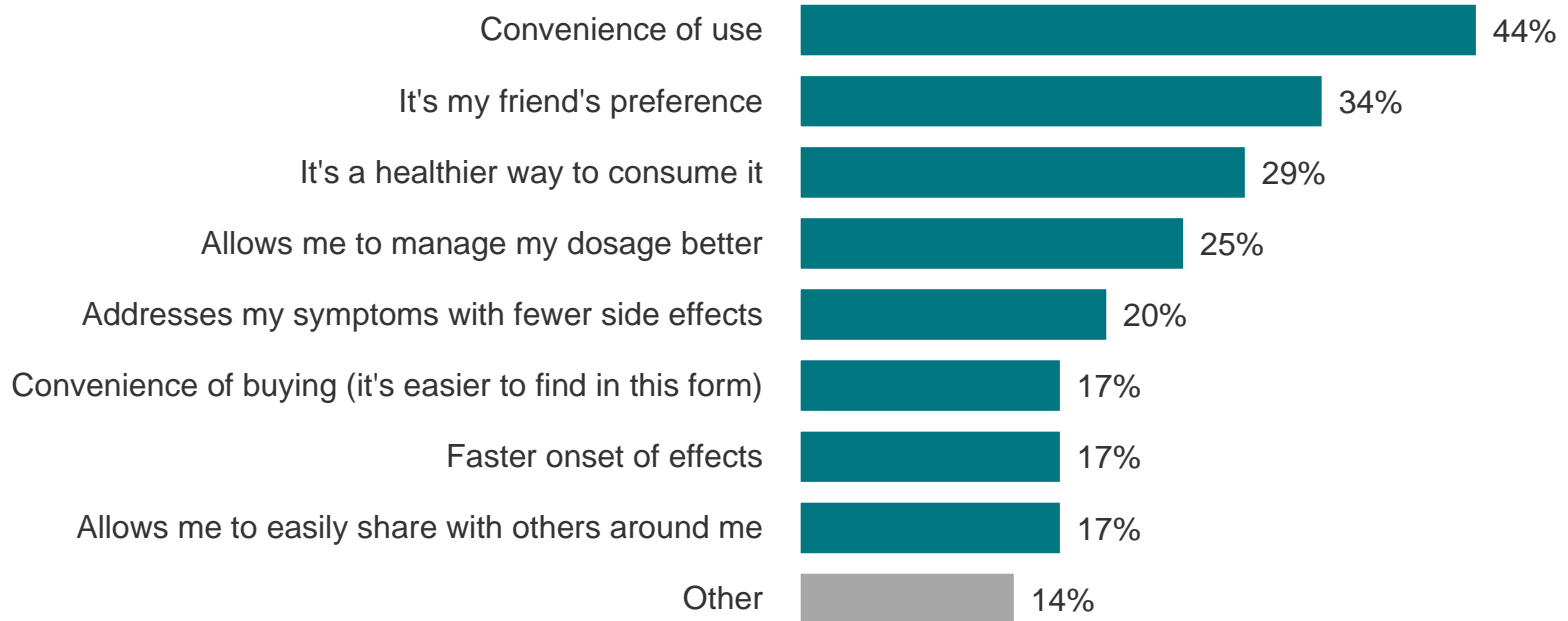
17%

OIL



Convenience is #1 reason for choosing to vape cannabis

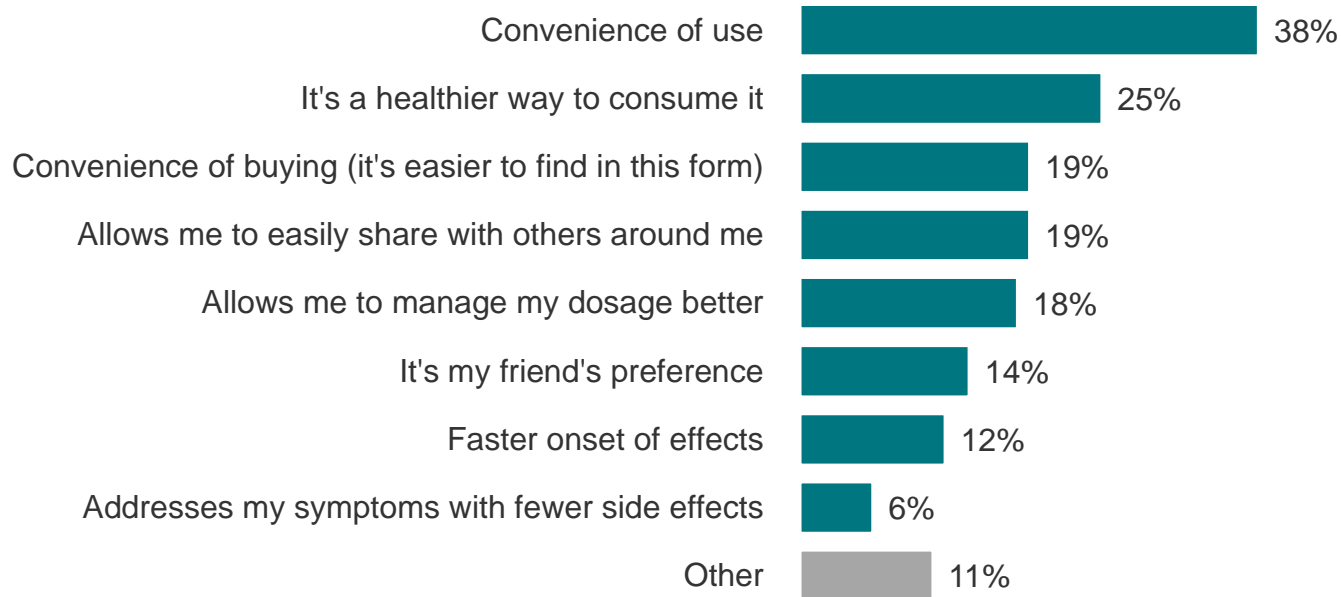
REASONS FOR VAPING CANNABIS COMPARED TO OTHER METHODS OF CONSUMPTION





Convenience is also #1 reason for consuming cannabis in edible form

REASONS FOR USING EDIBLE CANNABIS COMPARED TO OTHER METHODS OF CONSUMPTION



U.K. alcohol giant Diageo circling Canada for cannabis deals

CANADIAN BUSINESS

NEWS GROWTH 500 BEST MANAGED COMPANIES M&A GUIDE

Why liquor and weed are a perfect (financial) mix

Losing liquor customers? There's an easy solution: sell them marijuana

Cannabis isn't denting alcohol sales so far, but drinkable THC might change that

By Patrick Cain

Billionaires Innovation Leadership Money Consumer Industry Life Food & Drink Hollywood & Entertainment Media Real Estate Retail Sport

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3,358 views | Apr 7, 2019, 11:20am

Mergers And Acquisitions Light Up The Cannabis Sector

Cannabis industry analysis since 2011, on Wall Street since 1886

Alcohol distributors are making a strong foray into the cannabis market.

CBC MENU Top Stories Local The News Global News Twitter Facebook Email Print

Business - Analysis

Merger madness: Canadian marijuana industry enters consolidation phase

f in t e

Legalization isn't even here yet, but the industry is already seeing that the Canadian cannabis are doing

Peter Armstrong - CBC News | Published by Peter Armstrong | Last Updated: November 7, 2019

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Buds and Suds: The Merging of Cannabis and Alcohol

illumeneage February 4, 2019



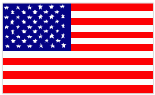
The Alco-Chronic

It's incredible to think that at the beginning of the twentieth century, our nation decided to ban drinking. Drinking was considered a vice and something that should be discouraged. The idea was that pro

But that was when the industry surrounding alcohol rose up in protest. Obviously, beer and liquor companies fought hard against prohibition. There was from farmers who produced and sold grain to the liquor industry. Bars and Tavern owners came out in strong support as well, as their entire business model was



Interest is also high for recreational THC-focused product, but to a lesser degree



USA

MEDIUM TO CONSUME THC FOR ALTERED MENTAL STATE



40%

FOOD/
BAKED GOODS



33%

COFFEE/
TEA



32%

WATER



28%

SODA/
SOFT DRINKS



28%

OTHER
BEVERAGES



22%

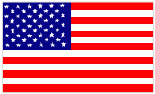
BEAUTY/SKIN
PRODUCTS



21%

ENERGY
DRINKS

Interest in coffee/tea/water based beverages is also very high for non-intoxicating CBD products, as are edibles



USA

MEDIUM TO CONSUME CBD FOR MEDICINE/HEALTH BENEFITS



37%

FOOD/
BAKED GOODS



33%

COFFEE/
TEA



29%

WATER



44%

OTHER
BEVERAGES



41%

SODA/
SOFT DRINKS



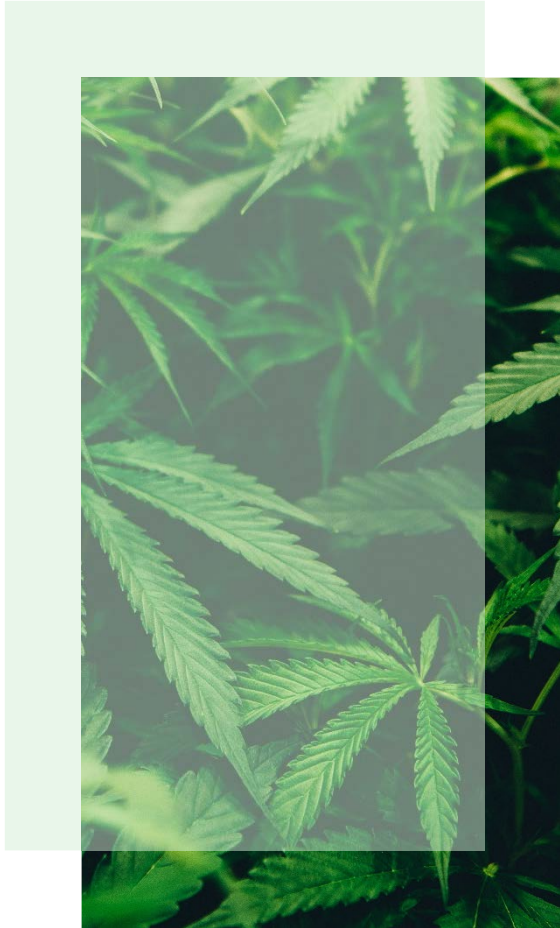
39%

BEAUTY/SKIN
PRODUCTS



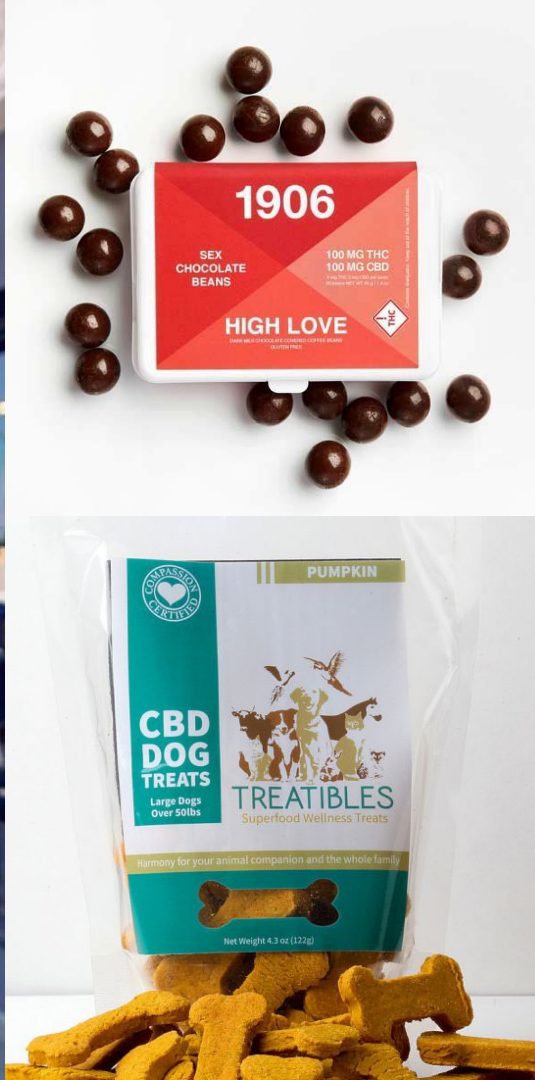
28%

ENERGY
DRINKS



Let's talk innovation





Growing consumer interest and acceptance is driving rampant innovation

Retailers of all types are stocking their shelves, only creating greater incentive for new product development

Mom & Pop

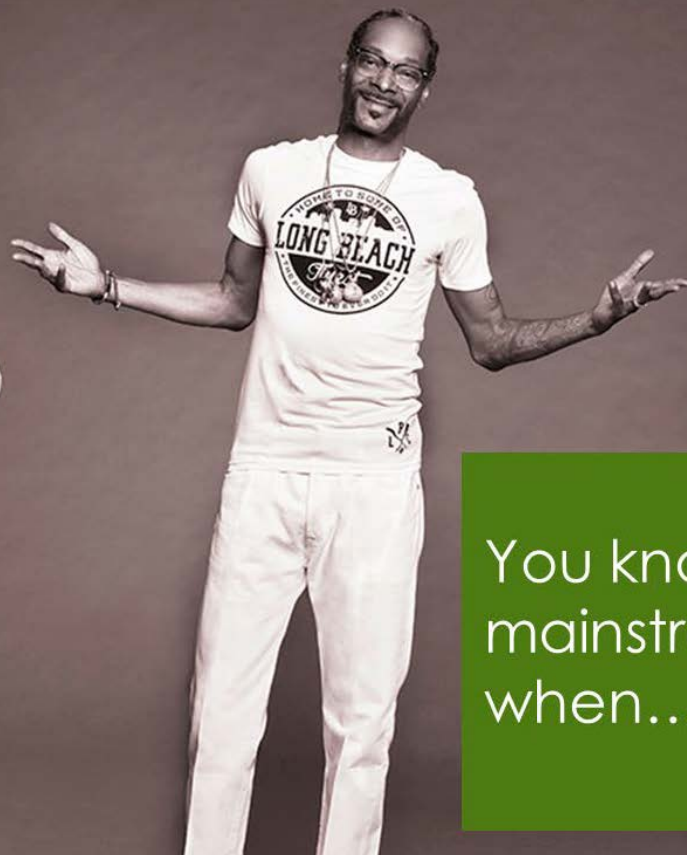


Mass Market / Big Box



Luxury





You know it's
mainstream
when...

So what does it all mean?

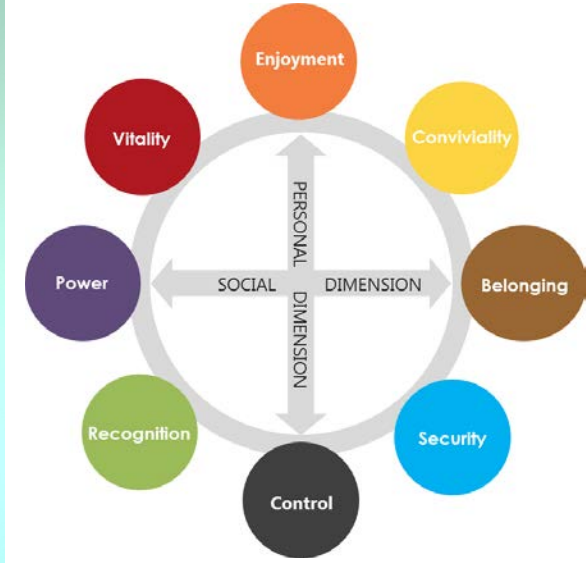


OUR PHILOSOPHY is that innovation must be evaluated through two lenses





Broad appeal does not mean "one size fits all"



Be relevant

Broad appeal does not mean "one size fits all"



Be relevant

* Relevance alone won't guarantee trial, especially with increasing fragmentation



PRODUCTS WITH

High Relevance
and High
Differentiation

54%

more likely to achieve higher
than expected trial

High Purchase
Intent

34%

more likely to achieve higher
than expected trial

Differentiate (and be relevant)

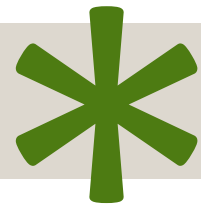


Talking to “who matters” is important

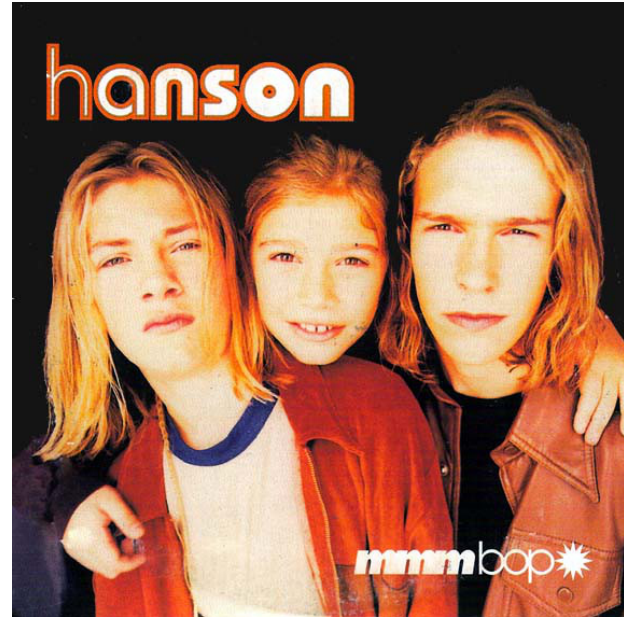


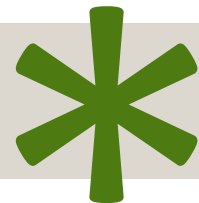
Spend your time and money wisely by getting close to the people that matter most, your potential buyers and target

Know your target



To truly win, you have to move beyond initial trial and drive repeat business



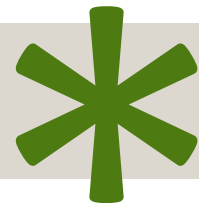


To truly win, you have to move beyond initial trial and drive repeat business



In the world of consumer ratings, social media, and unlimited choice, product performance is paramount

Deliver on Expectations



Packaging matters more than ever



Claims can educate on the category

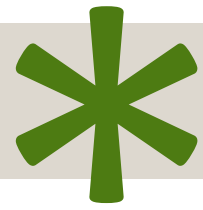
Shelf standout encourages trial

Distinctive brand assets facilitate repeat

Don't forget pack

OUR PHILOSOPHY is that innovation must be evaluated through two lenses





Competitive context is key for a realistic assessment of performance

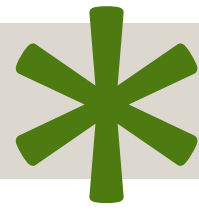
Consumers individually define the competition
(product most often purchased / used)



HOW
CONSUMER
DEFINED
COMPETITION
WORKS

The Innovation is compared to real in-market products, defined by the consumer, including private label, niche brands, home remedies, etc. — **NOT OLD IDEAS THAT NEVER LAUNCHED**

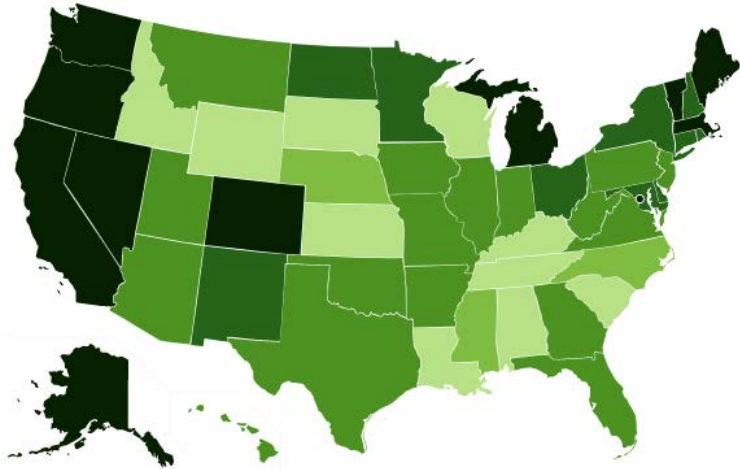
The innovation and consumer-defined competition are assessed on the same KPIs, allowing us to benchmark the innovation's performance



Pay attention to regulation

Last Updated: May 2019

Legend: Legalized, Medical and decriminalized, Medical, Decriminalized, Fully illegal



To recap...

Be relevant and
differentiated

Know your target

It's about trial
and repeat

Don't forget pack

Assess with
competitive context

Pay attention to
regulation



Any questions?
Thank You