



Cannabis 2.0

Brand and Product Trends



BRIGHTFIELD GROUP



OVERVIEW

Canada's first wave of legal cannabis – Cannabis 1.0 – was highly anticipated yet proved to be disappointing. Issues with the supply chain failed to lure consumers away from the illicit market and massive losses were reported across the spectrum; cannabis stocks fell, with major market players losing billions of dollars, collectively. The hype faded into skepticism as investors, entrepreneurs and consumers realized the market would not meet original expectations. [Enter Cannabis 2.0.](#)

With more freedom in product formats and packaging, Cannabis 2.0 provides enormous opportunity for brands to meet consumer demand and define themselves. Learning from Cannabis 1.0, brands will have to be more strategic in the new market. New consumers are entering the formal market for products they were previously only able to buy on the illicit market.

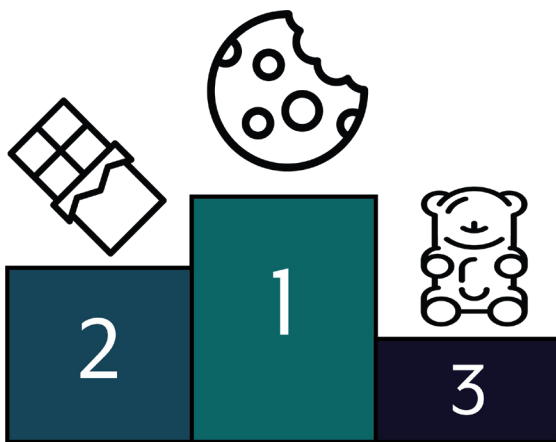


Canada will continue to experience growing pains with the expanded opening of its adult-use market, but longer-term prospects look positive given the enormous consumer demand for products like edibles and concentrates. Additionally, provinces – particularly Ontario – are loosening regulations and broadening access to both legacy and new product categories.

Only a few weeks into Cannabis 2.0, we explore the initial trends, means of differentiation, and new products in this dynamic market.

INITIAL TRENDS

Initial retail store visits indicate that cookies have been the most popular infused item, with chocolates and gummy candies following suit. Our recent survey of Canadian cannabis consumers who purchase through both legal and illicit channels confirms this, as participants sought out the same product subcategories. Vapes are also reported to be in high consumer demand, including both 510-threaded cartridges and more expensive disposable products (such as Aphria's dosist items).



MOST POPULAR EDIBLES IN CANADA

Edibles are especially popular among those trying cannabis for the first time while vapes are typically bought by more experienced cannabis users. Infused products are limited to 10 mg of THC per individually packaged item, making the dosages just-right for cannabis newcomers but too low for many who are regular consumers.

NEW PRODUCTS

The lifted regulations have opened the floodgates for new product formats. With Cannabis 2.0, brands have the opportunity to create innovative products previously unavailable to the Canadian market. Many of these products mirror the CPG-esque differentiation commonly seen in the US cannabis market.



Haven St.'s TerrAscend brand is introducing cannabis infused tea bags to the markets, which can be steeped in water in order to add a pick-me-up to one's morning routine or lead to a relaxing evening. It can be discretely placed in a thermos and sipped on the train back from work without any visible cannabis branding.

Canopy will soon be launching cannabis products which are similar to hard alcohol - distillates which the company recommends mixing into another beverage before consumption. For fans of high quality vapes, PAX has partnered with five Canadian licensed producers in order to bring their Era pod-and-pen system to the Great White North.



In the topicals category, Captiva Verde's newly-acquired brand, Miss Envy, is also trying to get in on the action with its own line of intimate products alongside other novel innovations such as THC bath bombs and CBD-infused tattoo healing cream. For those more concerned with cannabis' medical qualities, Harvest One's LivRelief is innovating the way that cannabis is delivered through the skin. Though these infused topicals have yet to launch, they will feature the same Delivra proprietary technology as the rest of the creams currently available under the LivRelief umbrella, allowing for the skin to better absorb active ingredients.

BRAND DIFFERENTIATION

Cannabis branding laws are extremely restrictive in Canada, limiting the color, size of the logo, and imagery which may be displayed on product packaging. Additionally, promoting any sort of product endorsement or attempt to associate cannabis with an aspirational lifestyle is forbidden. Consequently, 35% of Canadian cannabis consumers are unsure which brands they purchase.

However, partnering with celebrities to form and promote brands rather than product lines has become a relatively common work-around. For instance, Canopy has partnered with Snoop Dogg, Seth Rogen, Drake, and Martha Stewart to start their own cannabis lines.

Of Canadian Cannabis Consumers...

35%

are unsure of which brands they purchase

Source: Brightfield Group, 2020

Of US Cannabis Consumers...



37%

**report celebrity endorsement
increases the likelihood of
purchasing a new product**

Source: Brightfield Group, 2020

Though partnering with influential individuals allows companies to get around Canadian branding regulations, this mean of gaining credibility still remains less influential among consumers than more personal forms of recommendations. Brightfield Group research on U.S. cannabis consumers indicates that they find celebrity testimonials to be among the least significant influences in driving them toward new cannabis products. When a cannabis brand partners with a celebrity its consumers relate to, 37% of consumers say the endorsement would make them more likely to purchase a new product while 34% indicate that it would not affect their purchasing decisions whatsoever.

Other brands are focusing on differentiation with unique branding to build on existing associations in the minds of consumers. With a name like Kolab Project, you could be forgiven for thinking that Auxly's brand is a fashion label alongside streetwear companies such as Off-White, Bathing Ape, or Frank Ocean's Blonded. This aesthetic is further reinforced by the design and imagery of the website, specifically appealing to those interested in high fashion without explicitly promoting the product as a prerequisite to be fashionable.



We're Brightfield Group, and we provide consumer insights and market intelligence for the CBD and Cannabis industries. Fusing intelligent machines with real human analysis, we help you navigate the dynamic CBD and Cannabis markets as data-driven storytellers. With us, you don't just get the numbers; you get a trusted partner, providing a robust picture of the landscape and an actionable plan for the road ahead. See what our products can do for you at www.brightfieldgroup.com.