



Our Guide to Cannabis Consumer Insights

INTRODUCTION

The legal cannabis industry has existed for only a couple of decades, and as the industry progresses, so does consumer behavior, engagement, and expectations. The proliferation of legal cannabis has uncovered numerous buyer personas, from Microdosing Mamas to Boomerangs, each with their own habits and preferences. Businesses need to understand their current and prospective consumers in order to effectively market products and grow their company.

Brands aim to make decisions from their own consumer data - assuming they can pull insights in a clean manner. These insights fuel marketing, product, and overall business decisions. The challenge, however, comes from ensuring the data is truly representative of this rapidly moving market, as well as extracting the proper insights that put your company in good position to succeed.



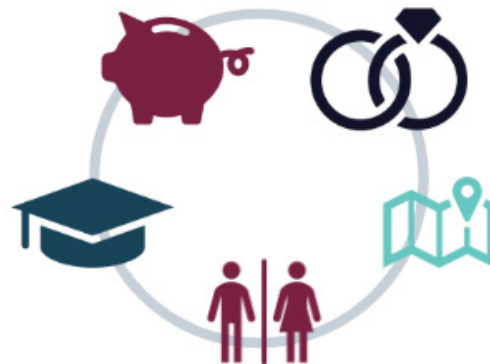
Consumer insights provide a complete view of the types of people that could be your next customers, fueling impactful messaging, compelling products, and greater returns.

DEMOGRAPHICS

Demographics are foundational to deep consumer insights. Segmenting a population by using demographics allows companies to determine the size of a potential market. Companies also leverage them in order to make decisions on new products, marketing strategies, and content.

These can include:

- Age
- Gender
- Income
- Sexuality
- Ethnicity
- Marital Status
- Education
- Having children or not



Cannabis consumers of all different demographics will have varying behaviors across product preference, frequency of use, average spend per product, and more. For example, college students may prefer flower and are less likely to be brand loyal while married women 40-50 may prefer low-dose edibles. Changing one or two demographic attributes in your analysis can drastically change what the data tells you.

CANNABIS USERS ACROSS GENERATIONS

MILLENNIALS

Millennials as a cohort are actually declining in their overall market share as older groups take up cannabis and expand the consumer base, but this generation represents the leading edge of cannabis use. Younger consumers are considering cannabis as a typical product that fits within their lifestyle.

GEN X

While Generation X have historically lagged behind in cannabis use, 2019 appears to be the year they came back to cannabis. Use across Gen X age brackets is generally up as they adapt to a familiar format in flower.

BABY BOOMERS

Baby Boomers as a population have been responsible for huge socio-economic shifts in our society, and their push for medical-use cannabis continues today. Boomers as a whole greatly over-index in citing chronic pain as an ailment compared to the general cannabis using population. Their affinity for cannabis products for use in medical, health and wellness, or adult-use is as robust as any other generation.

CANNABIS CONSUMPTION BEHAVIORS

Many cannabis consumers are used to the dynamics of the illicit market. They often have a dealer they purchase flower from or get products through friends. As the industry progresses, more products enter the fold, and cannabis retail grows, consumer paths to purchase and usage behaviors will become even more complex.

These behaviors can be broken down by asking 4 simple questions: How? Why? What? Where?

HOW CONSUMERS USE CANNABIS

While cannabis has gone national geographically, it has also spread its incidence across demographics. New markets, new products that offer ease of use, product clarity and growing public support all have attracted consumers of all kinds to cannabis within the past few years.

How consumers use cannabis heavily varies depending on things like demographics. Just like our example above, consumers of all kinds will have different preferences on how they consume – via edibles, vapes, flower, etc.

Many consumers don't use cannabis every day (though a significant portion use 5+ days/week). Frequency of use is important for developing consumer insights as brands look for additional opportunities to incorporate themselves in the daily lives of consumers.

CANNABIS CONSUMER TREND: CALI SOBER

Young people are drinking less and using cannabis more, leading to the “Cali Sober” trend that has been around since about 2019. Cannabis consumption can be more universal than alcohol. Additionally, cannabis doesn’t cause hangovers, and is nearly impossible to consume a dangerous amount of it, unlike alcohol. Cannabis consumption is also usually 0 calories or carbs (unless we’re talking about edibles).

WHY CONSUMERS USE CANNABIS

Consumers use cannabis for many reasons and for a variety of occasions. Understanding the ‘why’ drives anything from product and brand messaging to distribution strategy and partnerships. When it comes to medical conditions, many consumers use cannabis for anxiety or chronic pain. There are occasions, both in and out of the home, where a growing portion of consumers are using cannabis. From relaxing at home and concerts, to outdoor activities and nightclubs, companies are leveraging occasions, experiences, and use cases to drive higher consumer engagement and loyalty.

WHERE CONSUMERS BUY CANNABIS

Where consumers buy cannabis has previously been a very simple topic – through the illicit market or medical cannabis facilities. As more states and countries move toward adult-use programs, distribution through dispensaries creates an extra layer of complexity. There is also a growing on-premise movement as legal cannabis establishments emerge, adding yet another channel for retailers to provide an enjoyable customer experience while brands compete to stand out and get in front of consumers.

CONSUMERS USE CANNABIS INSTEAD OF ALCOHOL + TOBACCO

THE SUBSTITUTION EFFECT

Millions of consumers across the country have legal access to both alcohol and cannabis. The substitution effect allows us to look at when consumers choose one substance over the other.

Cannabis is increasingly being used as a replacement for alcohol consumption. While many cannabis consumers already consume a variety of alcoholic beverages, the practice of using both substances is becoming increasingly complex, especially when it comes to experiences and occasions. Consumers may be more inclined to consume alcohol at a bar but may also mix cannabis with that occasion. This combination becomes even more dynamic when looking at social gatherings, concerts, and other occasions where both alcohol and cannabis could be consumed.



The legalization of cannabis has also resulted in people shifting their alcohol consumption patterns. A significant portion of cannabis users consume less alcohol after an adult-use program opens in their state. This behavior does not directly align with tobacco consumption, though many cannabis consumers do not even use tobacco.

As more beverage and alcohol companies enter the cannabis space, they will want to identify the substitution behaviors of cannabis consumers to ensure their brand helps curate these occasions and moods.

CANNABIS CONSUMERS' PERSONALITY + WHAT DRIVES THEM TO BUY

With the rapid expansion of the legal cannabis industry, brands are trying to find their way across the ever-expanding ocean of consumer data. Understanding the 'who' and 'what' are very foundational to robust consumer insights. But do you know the 'why?'

Leveraging data-driven insights on why people spend their money on certain cannabis brands and products is the key to setting up a winning marketing and sales strategy.

Buying decisions are both emotional and logical. Anyone that is a buyer (of any product) is dissatisfied with something. It is often unclear what that something is. Our brains develop and finalize our purchasing decisions while our hearts help justify them.

People are more likely to respond to product and brand messaging that speaks to who they are psychologically. Each person aligns with a set of psychological constructs that can be tapped into in order to help drive purchasing decisions. Here are some of the most common:

- **Reward & Incentives** – Behavior is dictated by a desire for external rewards
- **Power & Authority** – Behavior is dictated by the perceived ability to take action and make changes in one's life or to influence others.
- **Belonging & Community** – Behavior is dictated by membership, influence, and a shared emotional connection
- **Achievement & Accomplishment** – Behavior is dictated by external or internal goals

A consumer whose psychological profile is wired around Belonging & Community is less likely to respond positively to messaging aimed at Power & Authority. It is simply less important to them. By tapping into these psychological profiles, companies can deeply relate to consumers by speaking in a way that speaks to personal beliefs and values.



CANNABIS CONSUMERS' LIFESTYLES

Cannabis is often a small part of the average consumer's day. They have jobs, workout routines, hobbies, and social lives. It can be difficult to resonate with consumers when you only know their demographics or usage behaviors. By understanding who they are outside of cannabis, you can begin to get in front of them much more effectively and build lifelong relationships.

People are interested in, well, a lot of different things. From sports and fitness, to music and arts, it is easy to get overwhelmed with how consumers spend their time. It's important to break them out, and by categorizing the social media interests from our consumers, this is what we get:

- Fashion & Beauty
- Food & Travel
- Health & Sports
- Home & Community
- Music & Arts
- News & Pop Culture



There are certain categories that rank much higher than the others across various personas. What is most important, however, is understanding the relationships these consumers have with specific people, brands, and organizations on the internet. By understanding brand preference (ie: Target vs. Walmart) or media consumption (ie: True Crime vs. Comedies) across the social landscape, you can drive partnership and content strategies that resonate with real consumers.

CONVERSATIONS ABOUT CANNABIS ON SOCIAL MEDIA

The content that people put out on social media can be a gold mine for brands and consumer insights enthusiasts. Social media gives you the opportunity to understand who and what people are talking about in the context of cannabis, and by developing robust lookalike audiences, the population of people reached is immensely magnified.

So what do we mean by context? Well, cannabis can be talked about across many different topics. From pain and politics, to fitness and sleep, consumers are discussing cannabis in ways that are increasingly aligning with product segments. Social media can be a very good indicator for consumer and product trends.

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