

Canadian Consumer Response to COVID-19

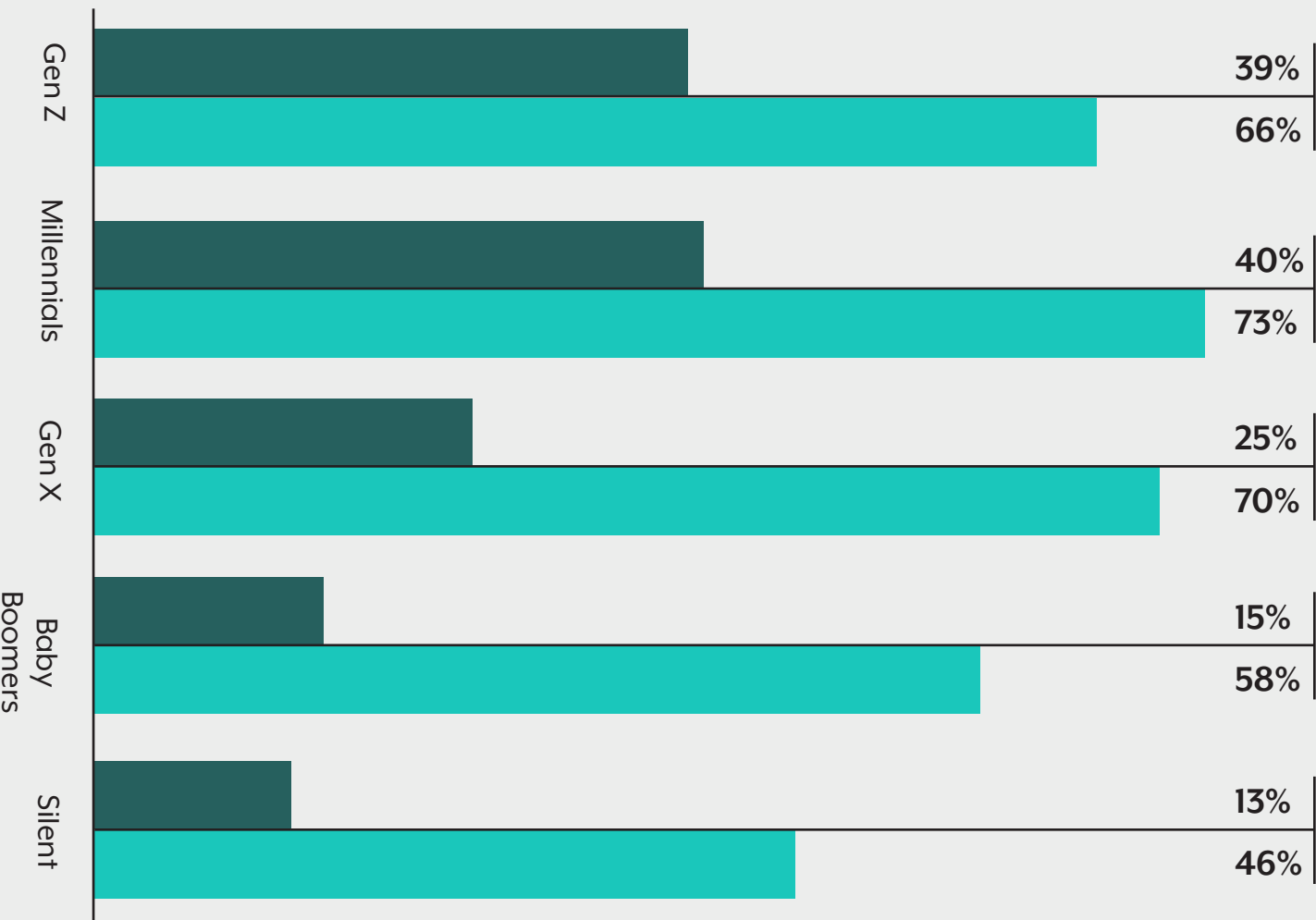
DECEMBER 2020



INCREASED CANNABIS USE BY GENERATION

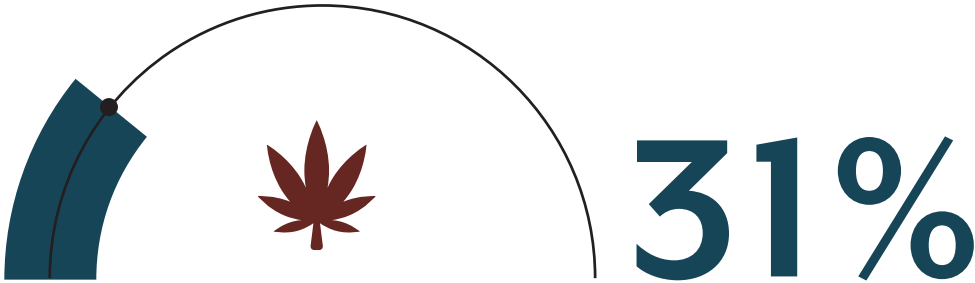
% Using Cannabis More Frequently BY GENERATION

■ I am using Cannabis more frequently (% of age cohort)
■ Cannabis helps me deal with the stress of the pandemic



By Generation

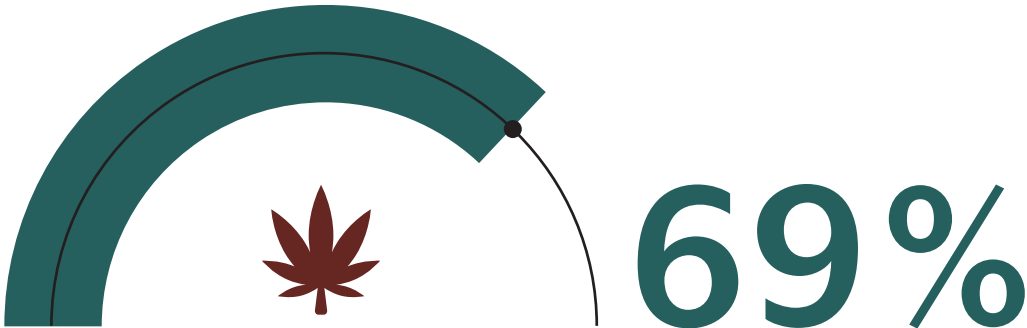
Younger consumers are more likely to increase their cannabis usage in response to the Covid-19 pandemic. **Gen Z, Millennials, and Gen X groups most strongly believe cannabis helps them deal with the stress of the pandemic and are thus leaning on it more heavily during this time.** The ongoing stress related to COVID and all its uncertainties is likely driving these younger groups to continue to look for ways to manage the stress of juggling work, family, financial, and health concerns.



of Canadian consumers are using cannabis more frequently as a result of the COVID-19 crisis.



of Canadians stated they use inhalable and edible cannabis products more often.



of Canadians have agreed cannabis helps them to deal with stress of the pandemic.



INCREASED CANNABIS USE BY INCOME

Cannabis usage increased for all income levels with higher income levels more likely to have increased usage because of the coronavirus crisis. This does not come as a surprise given their higher levels of disposable income allowing for more spending on cannabis products, which might carry a high price tag.



However, even among those with a **household income of less than CAD \$40,000, 28% of consumers** are using cannabis more frequently. As economic uncertainty and financial hardships continue, those with lower incomes may normally struggle to increase or maintain their levels of cannabis use—but a good number are sustaining or even increasing use served by a growing array of budget brands and value product categories. While demand is strong across the board, this further highlights opportunities for budget positioning or promotions to help all consumers meet their needs. Companies should also note that during the pandemic, **24% of the low-income group has exclusively bought cannabis during a sale or promotion.**

% Using Cannabis More Frequently BY INCOME



BRANDS MOST COMMONLY PURCHASED BY DISCOUNT SHOPPERS



Of Canadian consumers who only purchased cannabis during a sale or promotion, these were the brands they most commonly purchased.

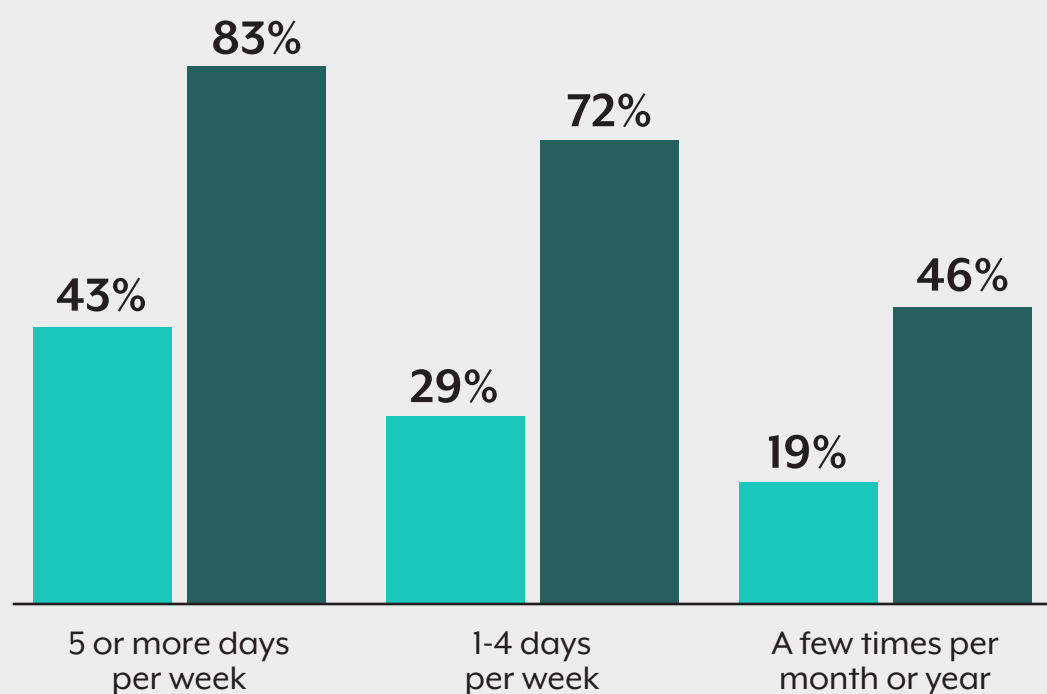


INCREASED CANNABIS USE BY USAGE RATE

Consumers who use cannabis five or more days per week were most likely to increase their usage amid COVID-19, with **43% saying they have increased usage**. This also highlights cannabis' stress relieving effect on heavy users, **83% of heavy users said cannabis helps them deal with the stress of the pandemic**, compared to **72% of moderate users** and **46% of occasional users**.

% Using Cannabis More Frequently BY USAGE RATE

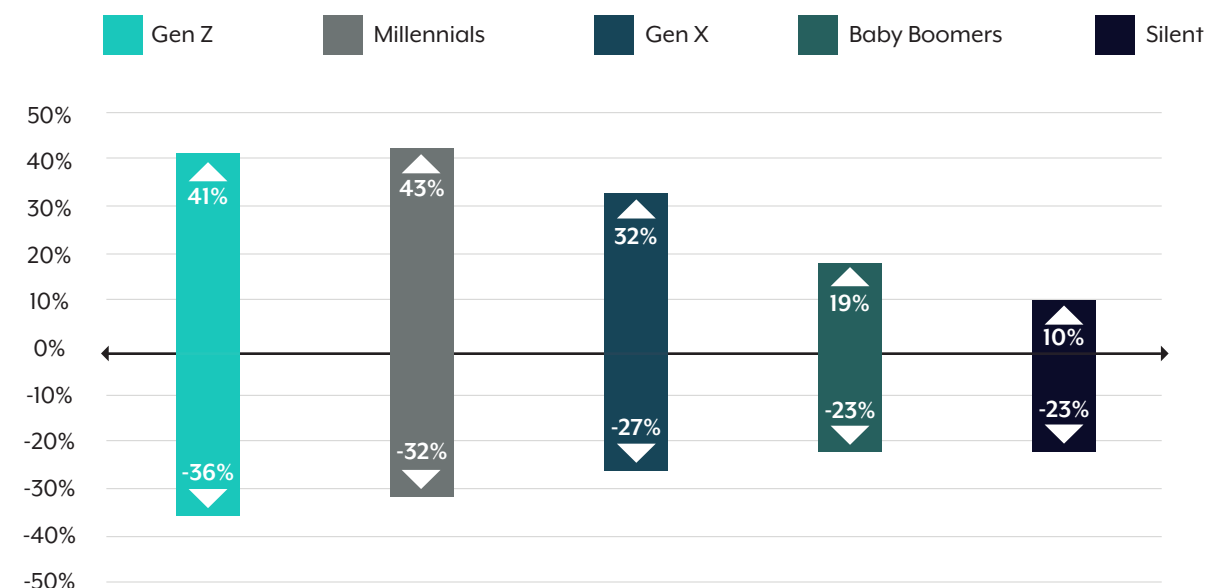
- I am using Cannabis more frequently (% of each group)
- Cannabis helps me deal with the stress of the pandemic



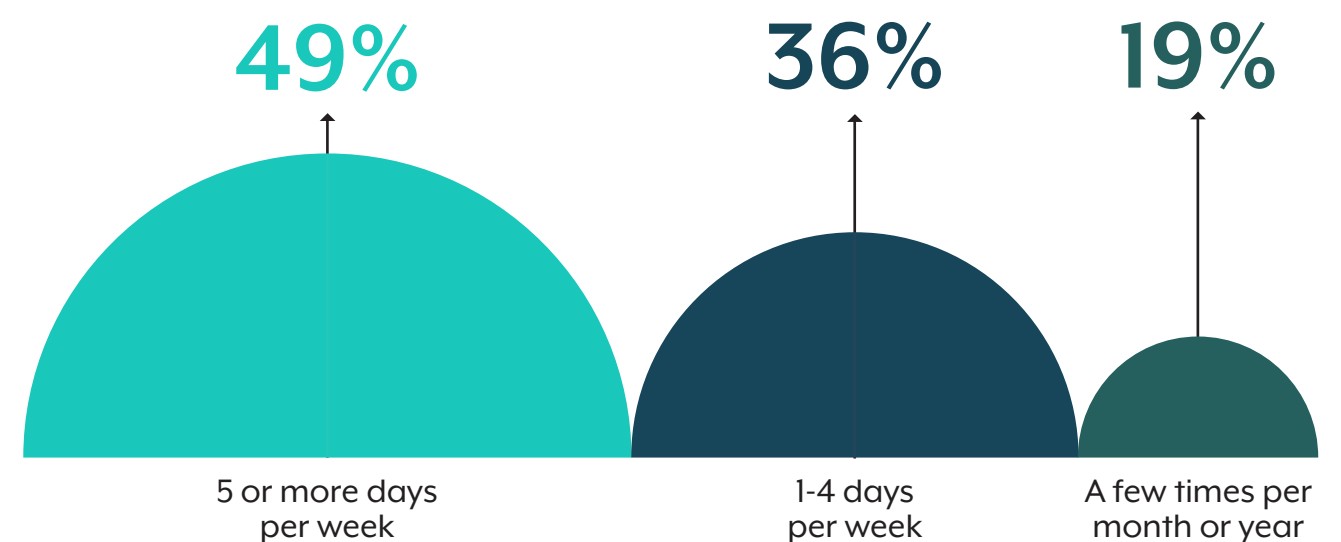
However, **nearly one-third (29%) of moderate users (using cannabis 1-4 days per week) are using cannabis more frequently**, representing an opportunity to convert these more occasional users into daily users with effective and high-quality products that can inspire high levels of consumer loyalty.

While **30% of cannabis consumers have reduced their spending** as the pandemic and its financial fallout stretch on, **36% of consumers have increased their spending on cannabis**, with younger consumers (Gen Z, Millennials, Gen X) much more likely to have done so than their older counterparts. It should also be noted that older generations are less likely to reduce their cannabis spending, compared to younger consumers.

Change in Cannabis Spend BY GENERATION



Almost half of heavy users (using 5 or more days per week) have increased their spending on cannabis under COVID. This is in line with their increased cannabis use, highlighting the growing value of this consumer segment that relies heavily on cannabis.

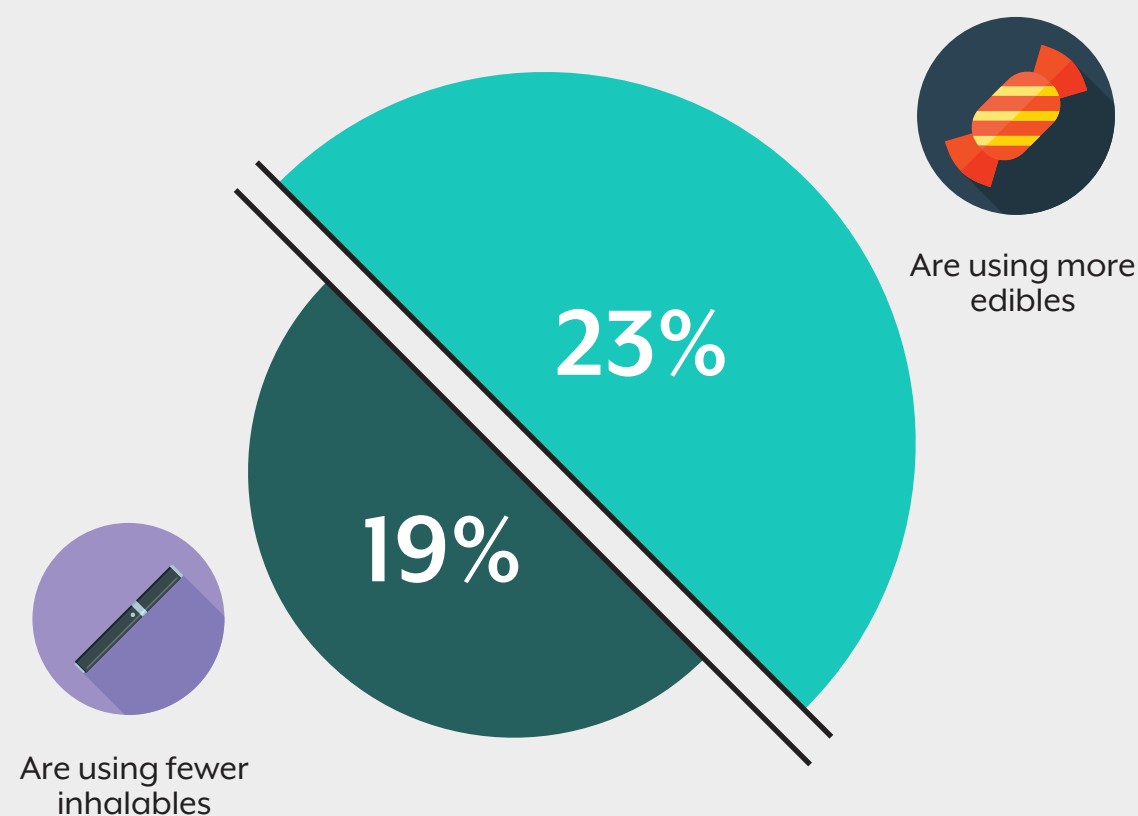




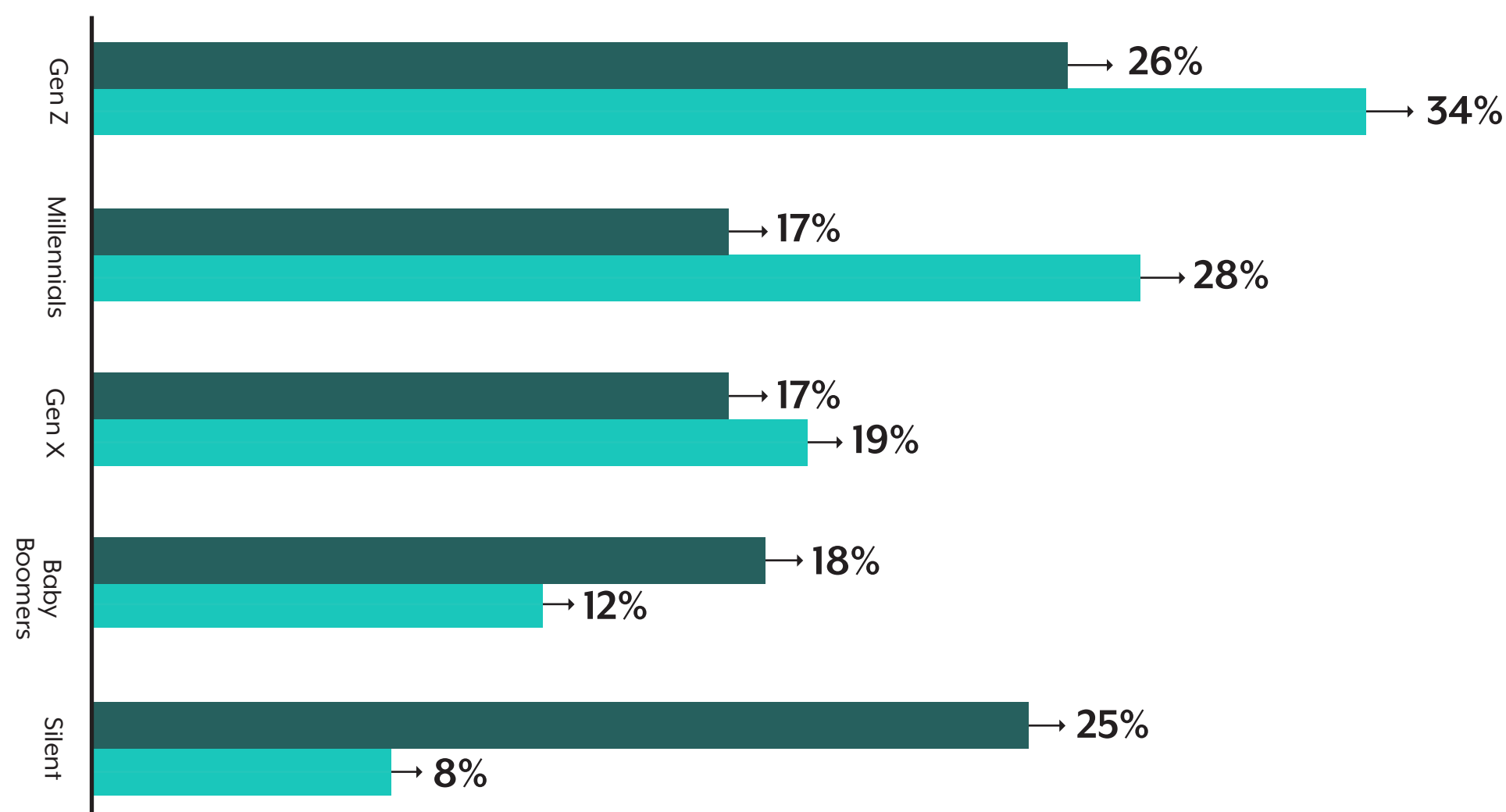
CANNABIS CHANGING PRODUCT TYPES

Almost one-third of Canadian cannabis users claimed they are using a higher dose now than before the pandemic (30%), as 69% of consumers believe cannabis helps them deal with the stress of the pandemic. **In March only 5% of consumers stated they were using fewer inhalable cannabis products, while 11% increased their edible consumption.**

In June, 21% of the consumers claimed they were using less inhalable cannabis products, while 25% increased their edible usage. However, in September, months later but still deep in the pandemic, **the tide started to turn as 19% of Canadian cannabis consumers were using less inhalable products, and 23% more edibles.** This can be attributed to consumers getting used to the new normal or already reaching their maximums.



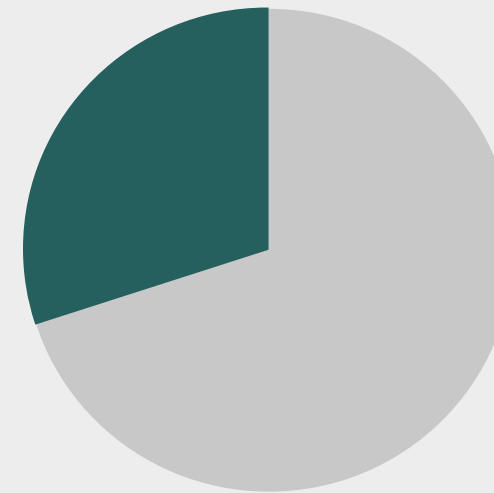
■ Use more edibles
■ Use fewer inhalables





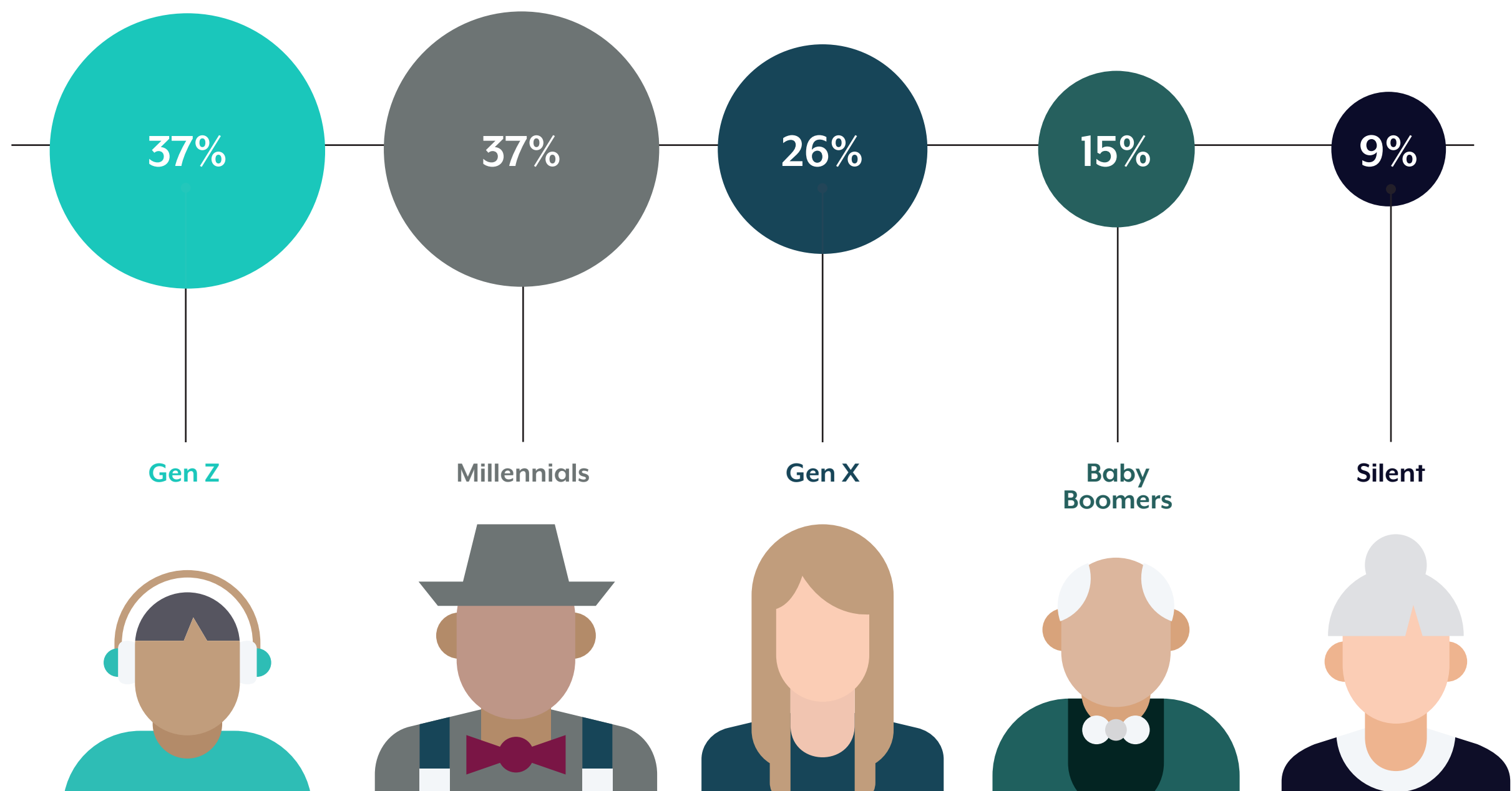
CANNABIS HIGHER DOSES

Gen Z consumers are the most likely to have changed their product preferences in the face of the COVID-19 crisis, likely due to more volatile incomes, with a slightly higher proportion of this group switching away from inhalables (like vapes and flower) and use more edibles. Gen Z and Millennials are also most likely to use a higher dose of cannabis, with 37% of these groups switching toward higher dose products.



30%
are using a higher
dose of cannabis

Increase in Cannabis Dosage BY GENERATION





CHANGES IN PURCHASING CHANNEL

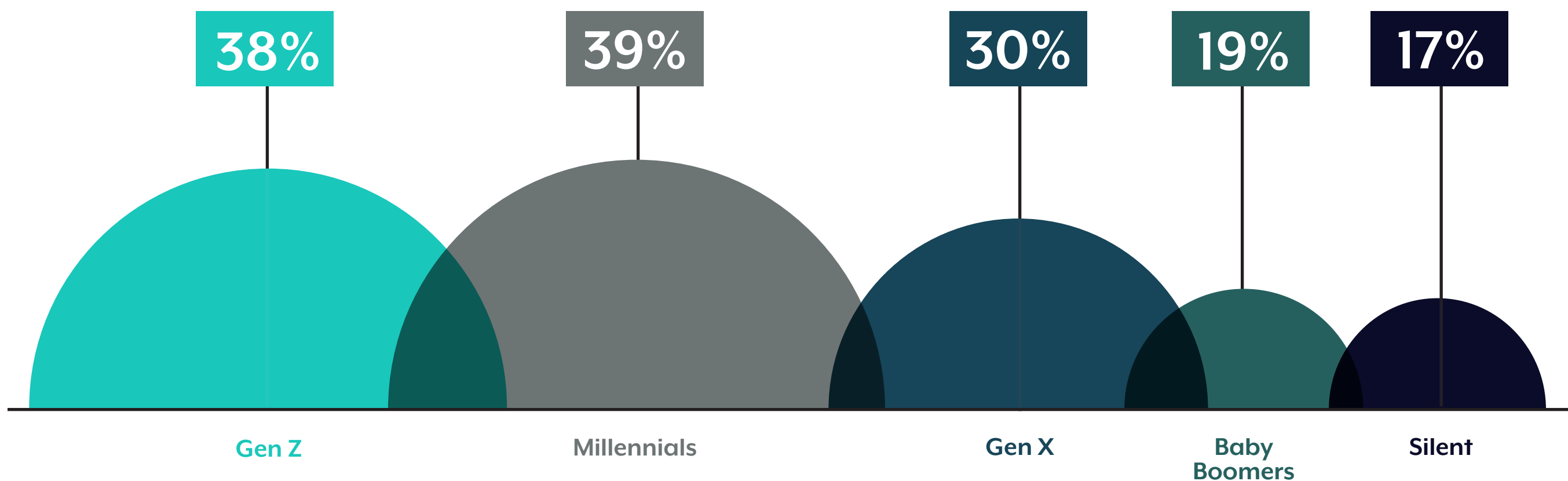
More than half (54%) of cannabis consumers have not changed their cannabis purchasing habits due to the coronavirus crisis. 32% stated they switched to delivery or click and collect from physical stores.

Millennials and Gen Z shoppers are the most likely to have switched to delivery or click and collect for their cannabis needs. Then, Both these groups reported increasing their cannabis usage and spending during this stressful time. With stay-at-home orders and retailer restrictions, younger generations are still avoiding physical stores and prefer other options. **Creating convenient shopping experiences with deliveries and pick-up options is crucial during this time. Brands that offer these options will broaden their brand awareness, capture more consumers, and build loyalty.**

Younger consumers are more likely to switch their purchasing to E-commerce, which is not surprising given that Gen Z and Millennial consumers are more likely to shop online in general compared to older generations.



Switched to Online BY GENERATION





CANNABIS BRANDS

Brands that over-index among people who switched to delivery or click-and-collect. These are the brands that have best online traction:

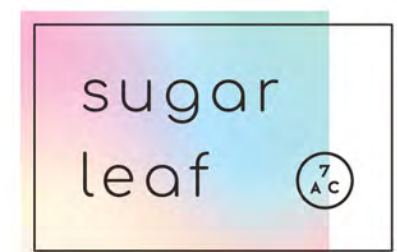
**PURE
SUNFARMS**

+68.4%



HOUSEPLANT

+48.3%



+87.5%



ACE VALLEY

+56.0%

Color
cannabis

+100%



+48.6%

CANNA  **FARMS**

+29.5%

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