
Changes in the Canadian Cannabis Consumer

July 2021 Update



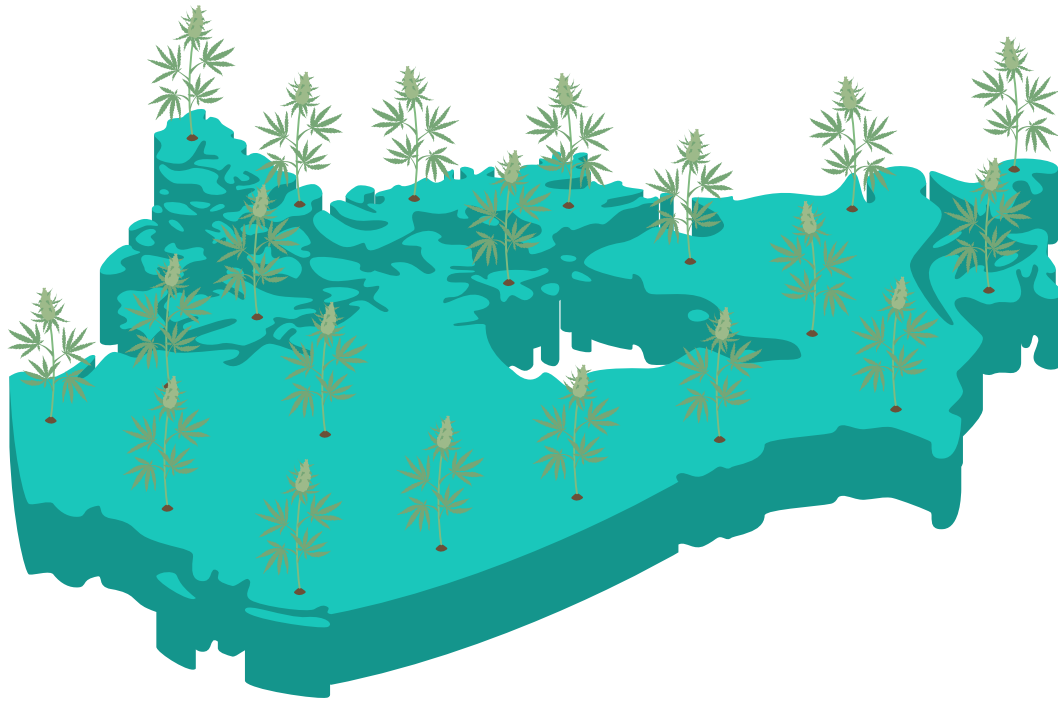
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Canada Consumer Insights:
Survey fielded quarterly. Responses are collected online from a balanced sample of 3,000 unique cannabis users age 18+ in Canada.

Canada Brand Health:
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Introduction



The Canadian market is entering its next stage of maturity. The market—like its neighbor to the south—has experienced significant shifts over the past year. Consumer changes in product usage and demographic profiles have accelerated as more consumers enter the category and 2.0 products find their place in the market. Retail has exploded with hundreds of new locations open across the country. The industry is also experiencing one of its largest waves of consolidation with several mergers and acquisitions taking place across Canadian, US cannabis, and US CBD brands.

Let's dive into some of the consumer and brand trends driving this market forward.

Demographic Changes

The Canadian cannabis market continues to shift and mature following initial legalization in 2018. Consumers have evolved along with it as cannabis continues to penetrate new demographics that have not historically participated in the market.

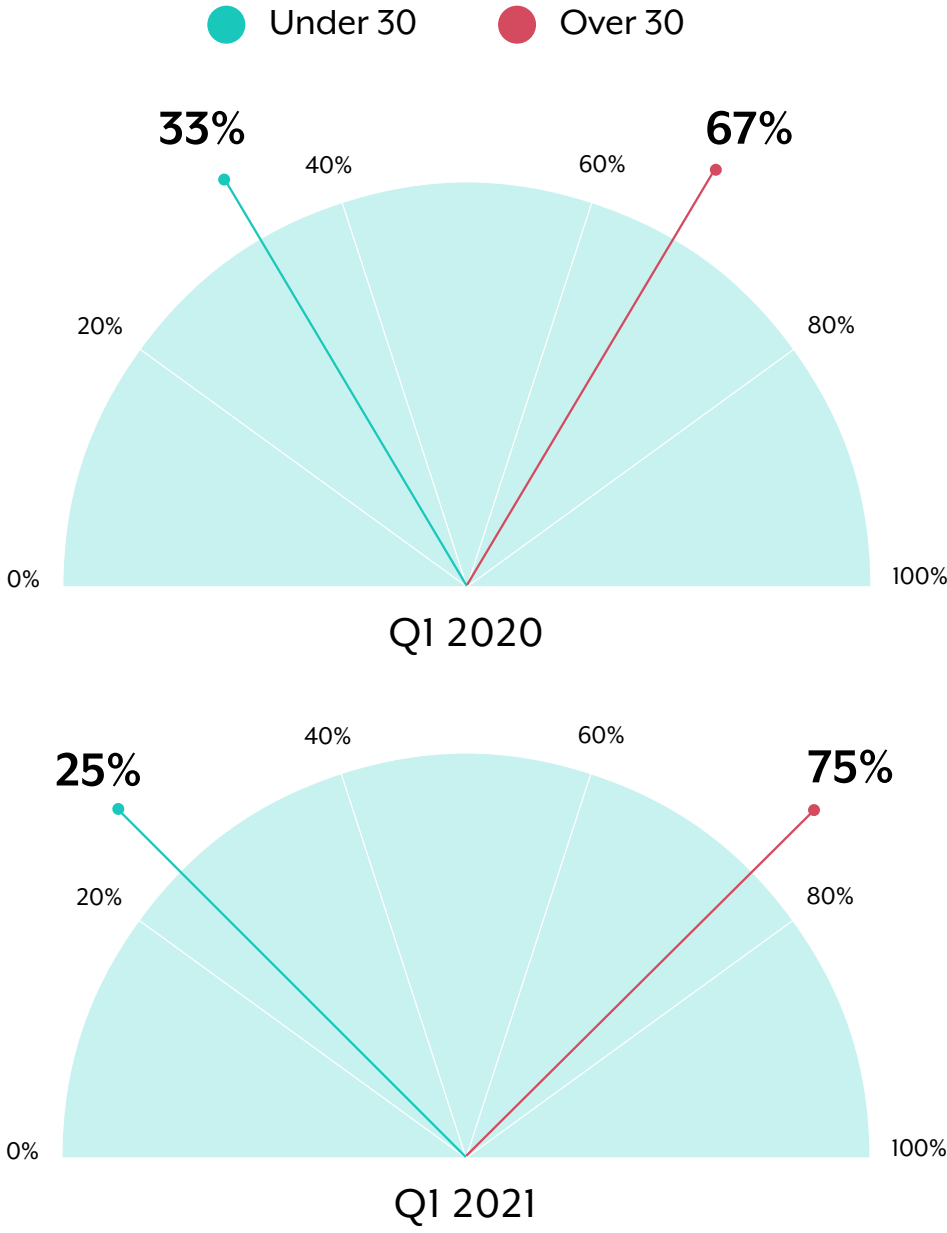
Most notably, the average consumer’s age has increased. From Q1 2020 to Q1 2021, the percentage of users under 30 decreased while the users over 30 increased.

Cannabis users are also becoming more diverse in sexual identity and ethnic background, but not in gender. They remain more likely to be male than female—a trend that’s only strengthened over the past year.



Shifting Consumer Age

% of cannabis consumers in each age group over time



THC-Dominant Users

THC-dominant users are by far the most frequent cannabis users. In Q1 2021, 48% of THC-dominant consumers used cannabis at least daily—with more than 28% of them consuming multiple times a day. Only 26% of consumers who prefer CBD-only, CBD-dominant, or balanced THC:CBD ratios consumed cannabis at least once daily. Additionally, those who enter the market as occasional consumers are starting to increase their frequency of cannabis—especially THC—use as time goes on.

Higher Dosages, Higher Spend

Along with the increased usage frequency, cannabis consumers are starting to desire higher-dosage products. The number of consumers preferring dosages of greater than 35 mg of cannabinoids increased by 3% from Q4 2020 to Q1 2021. Additionally, one third of respondents prefer potent flower with greater than 20% THC content.

Similarly, the percentage of respondents desiring dosages of less than 11mg dropped by more than 5% quarter over quarter. This is over the legal limit for edibles products, presenting a growth challenge for edibles and drinks under Canada's current regulatory regime. Q1 2021 also saw increased spending for all product ratios except for CBD-only. The greatest spending increase occurred among THC-dominant consumers.



Newbie Update

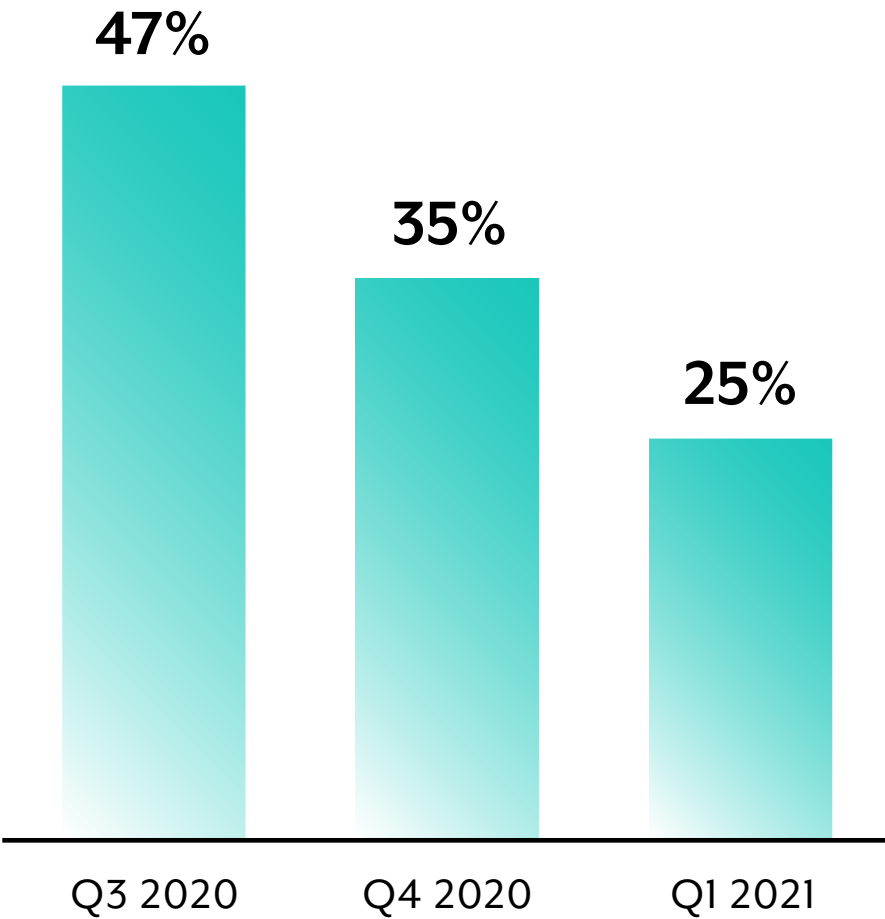
New cannabis users are a particularly appealing group. Without existing cannabis experience, these consumers have yet to commit their loyalty or know what product types they love best. The Newbies of today will constitute a key portion of overall market growth and brand loyalty going forward. Continued evolution of the cannabis market will be accompanied by a consistent flow of consumers new to the category, who will make for valuable prospects.

Product Use

Brightfield took an in-depth look at the Canadian Newbies in July 2020. At the time, their cannabis flower use had skyrocketed. This turned out to be a passing pandemic trend, as Newbie flower use has declined quarter over quarter since Q3 2020.

Newbies are using fewer product types than they were previously. The most frequently reported product type used is gummies with 34% of Newbies consuming, down from Q4 2020 when 43% of Newbies reported gummy use. Brands targeting Newbies should consider how approachable their portfolio of products are to help drive trial.

Newbie Flower Use
% of Newbies reporting flower use by quarter



Newbies = Canadian cannabis consumers who have used cannabis for less than 2 years

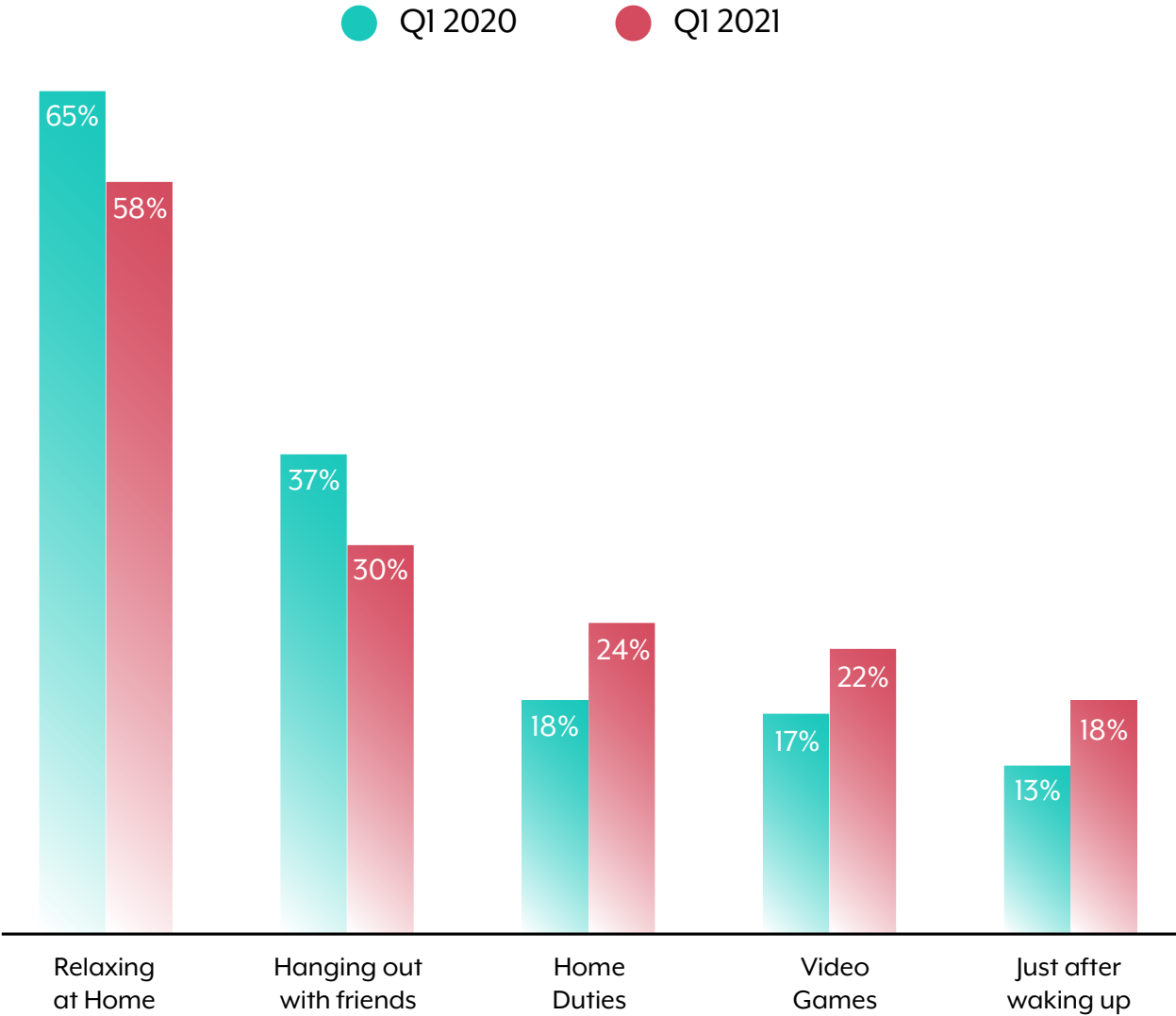
Occasions of Use

Newbies are using cannabis during more occasions. In Q1 2020, eight occasions of use were reported by over 15% of newbies. In Q1 2021, 14 occasions of use were reported by over 15% of newbies. Daily activities—like home duties and playing video games—saw year over year growth, while the more general activity of “relaxing at home” declined.



Occasions of Cannabis Use for Newbies

% of Newbies who report using cannabis at occasion



Mergers & Acquisitions Update

Mergers & Acquisitions (M&A) continue to emerge as LPs and brands band together to compete in the face of crowded retail shelves. M&A keeps companies competitive by leveraging distribution networks, brand traction, and intellectual property. With these resources, companies aim to win the greatest piece of the market.

As of early 2021, the **top 50 brands in Canada are now owned by just 19 companies**. In early 2020, they were owned by 26. This massive consolidation makes robust brand portfolios essential. Without distinct brand attributes, brands owned by the same parent company will cannibalize each other. Consolidated companies need to differentiate their brand portfolio effectively with separate positionings and target consumers.



Recent M&As include

Parent Companies:			
			
Brands Acquired:			
			
			
			

Diagnose brand roadblocks and delight your customers with forward-looking data on:



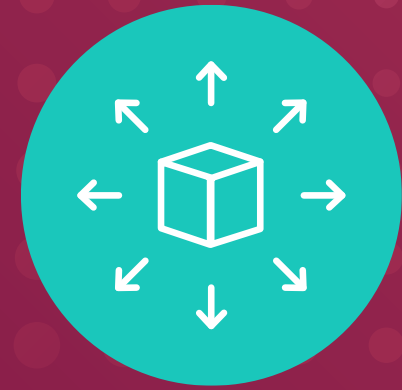
Brand
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To learn more about our insights solutions for Canadian cannabis, **request your demo here.**

Brightfield Group is the leading research firm for emerging categories including CBD, Cannabis, and Wellness. By integrating multi-source data with AI and research expertise into our cross-comparable data lake, we uncover robust insights as new markets develop. We have helped Marketing, Innovation, and Insights leaders drive customer-centric strategies on their next big idea since 2015.

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