
Expanding Shelves: The Road to a \$50 Billion Cannabis Market

FALL 2021 REPORT

 BRIGHTFIELD GROUP



TABLE OF CONTENTS

US Cannabis Market Landscape:
Our methodology incorporates interviews throughout the supply chain, social media-integrated surveys, social listening, desk research, and store checks. These sources are pulled together and triangulated by our team of analysts and data scientists to provide a realistic top-down and bottom-up view of the dynamic, multifaceted markets of cannabis.

3.	Introduction	» GO TO SECTION
4.	Liberalization & Expansion of Cannabis Markets	» GO TO SECTION
5.	Regional Growth	» GO TO SECTION
6.	Acquiring Share of Shelf: The Race to Expand Across the Country	» GO TO SECTION
8.	Opportunity Abounds	» GO TO SECTION
9.	Conclusion	» GO TO SECTION

INTRODUCTION



Prospects for the United States cannabis industry have looked positive throughout 2021. State-level legal barriers are falling like dominos, with more and more states authorizing cannabis for adult and medical use through both ballot initiatives and legislation.

Early pandemic uncertainties have faded away as capital continues to enter the market and sales growth sustains.

Factoring in current and likely future growth factors, Brightfield Group forecasts **US cannabis sales will reach \$50 billion by 2026.**



LIBERALIZATION & EXPANSION OF CANNABIS MARKETS

Democratic members of Congress have shown an increasing willingness to liberalize cannabis banking and generally legitimize the industry. Whether through the SAFE Banking Act or a larger bill, cannabis is likely to be incrementally decriminalized and de-scheduled rather than legalized to be centrally regulated at the national level. Individual states are expected to maintain autonomy in their approaches to cannabis, free from federal intervention.

Federal reform would likely provide companies in CPG, alcohol, tobacco, and Canadian cannabis enough regulatory clarity to confidently enter the market. As states open their markets one by one, multi-state operators that can get their brands on shelf first will have the competitive advantage.

Beyond being on dispensary menus, gaining a loyal customer base will be essential to staying viable in a given state as the markets are flooded with new national and local brands.



REGIONAL GROWTH

• West • Midwest • South • Northeast



For existing clients: View these insights by logging into the portal **here**.

To see how our interactive data platforms can support your business, **schedule a demo**.

Our interactive data platforms provide a comprehensive view of the cannabis market, allowing you to track growth and identify opportunities. By logging into the portal, you can access a wealth of information, including market trends, regulatory updates, and competitive analysis. This data-driven approach enables you to make informed decisions and optimize your business strategy.

Our interactive data platforms are designed to be user-friendly and accessible, ensuring that you can easily navigate the information and find the insights you need. Whether you're a seasoned professional or a newcomer to the industry, our platforms provide the tools you need to succeed.

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ACQUIRING SHARE OF SHELF: THE RACE TO EXPAND ACROSS THE COUNTRY

Given that nearly one-third of sales in 2026 are expected to come from cannabis markets that have yet to open today, excitement around state expansion and potential national reform is at a fever pitch, manifesting in a wave of mergers and acquisitions.

While mainstream companies wait for federal reform, current multi-state cannabis operators are already preparing for the races. Each market that legalizes provides an additional opportunity to form a new stronghold. Traditional West Coast brands are taking share of shelf in the Midwest, and brands that started in medical markets are expanding into recreational.

Companies are bringing their brands to market around the country, giving the industry a glimpse of what national cannabis companies will look like.



Building Strong, Nationwide Brands

It takes a strong brand to gain loyalty across markets. Gone are the days of selling an indica pre-roll in an unmarked plastic tube. We now see creative packaging, illustrative strains, and distinct brand markers that consumers can create relationships with.

A brand is three things:

- A promise of quality
- A collection of positive assets and negative liabilities
- An emotional perception in the minds of consumers

The first challenge is quality across state lines—whether for flower or edibles, consumers want a consistent experience. When going nationwide, issues with quality or brand perception in one state could affect how consumers view a brand elsewhere. Even with good products and a good reputation, a successful brand still needs an emotional connection with consumers.

The emotional perception someone has of a brand depends on how well that brand speaks to their taste, personality, and lifestyle—who they are. But most importantly, how does it fill their needs? Whether filling the need for concentrates at a reasonable price or the need for pleasantly packaged candies with a low dose of THC, brands need a strategy for emotionally connecting with customers.



OPPORTUNITY ABOUNDS

The cannabis industry is poised for growth across flower, edibles, concentrates and other product types. Within each category, there is nuance in how each subcategory will grow.

Edibles will see particularly strong growth with the drinks category into 2026. Innovation in cannabis drinks continues as brands find the sweet spot between potency and “sessionability.” There are consumers looking for the ability to enjoy several cannabis drinks within a night as one would do with beer.

For them, there are brands like CANN that sell 2mg THC per can. Other consumers want to treat drinks like traditional edibles with one sufficient dose, which they can achieve with cannabis syrups like Spring Lake’s.

Concentrates will be first led by vapes in 2021 and 2022 but continued growth will come from raw concentrates. Rosin, live resin, shatter, budder—these high THC extracts are used by experienced consumers looking for a quick, large dose of THC. Additional legal markets and consumer adoption of heavy cannabis use will keep the concentrates market growing. Concentrates are not as common as flower in illicit markets, so more time with access to legal concentrates will produce more concentrate consumers.



CONCLUSION



US cannabis has grown to be more than a bunch of small companies operating in a few states. The industry is reaching the big leagues.

Multi-billion dollar companies are developing national chains while legalization rapidly expands. Cannabis has reached unprecedented levels of adoption and acceptance, this is now officially a consumer packaged goods industry.

And as with any CPG company, good marketing and branding are crucial to success.

Identify your next opportunity and delight your customers with user-friendly data on:



Brand
Health



Consumer
Insights



Market
Landscape



Distribution
Trends

To learn more about our insights solutions for 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.

See what we can do for you at brightfieldgroup.com.



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