

Brightfield's 2022 by the Numbers

Data-backed Analysis on the Year's Trends



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Introduction

2022 was another year of moving and shaking for the US cannabis – even if it seemed to be doing so in all directions. It was a year of new market openings for the East Coast, tough price compression for mature markets, and continued product innovation to woo modern cannabis consumers. The era of “winging it” in US cannabis has firmly come to an end as capital becomes harder to come by and federal banking relief remains a dream.

A successful strategy in cannabis isn’t about being “trendy,” it’s about understanding what’s happening in the market and proactively deciding where you belong in it. Looking at some of the biggest trends of 2022, this report provides data-backed insights into the trends of 2022 with tips on how to execute in 2023.



Heavy Use Holds

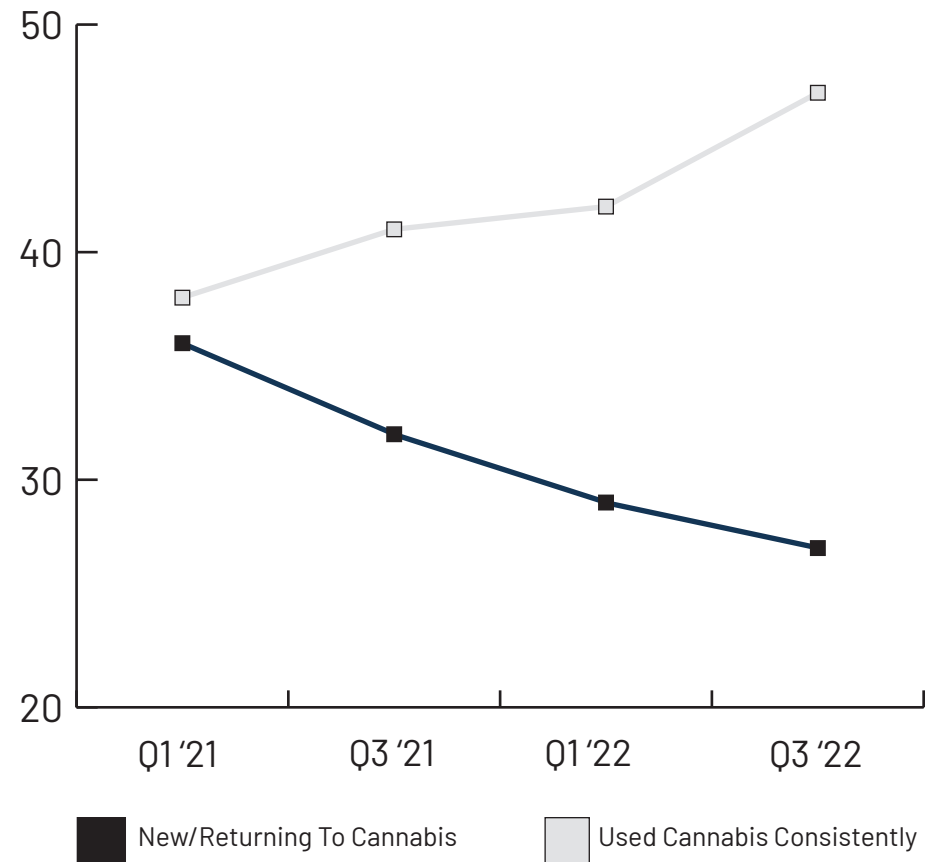
50% of cannabis users who use cannabis multiple times per day

The cannabis consumer population continues to become more experienced, heavy users. The pandemic accelerated the number of users enjoying cannabis daily. Even with lifted restrictions, the rate of heavy usage has not come close to pre-pandemic levels. In fact, cannabis use multiple times per day has reached its highest rate, with 50% of cannabis consumers in this usage rate in our latest study.

Cannabis use multiple times per day has been on a distinct increase, especially when compared to near-daily users. Over 2022, those using cannabis 5-7 days per week consistently made up around 25% of consumers. Over the same period of time, multiple times daily users increased from 45% to 50% of the cannabis consumer population.

At the same time, the cannabis consumer base is becoming more consistent users. Since the start of 2021, we see more users identifying as having “used cannabis consistently” rather than report they are a new or returning to cannabis.

Type of Cannabis User



Heavy Use Holds (cont.)

Today's cannabis consumers have found the plant fits into many parts of their day. As heavy usage increased, so did the rate of cannabis use during all occasions we track. The biggest change came from 2020 to 2021 as consumers continued their pandemic-era cannabis habits. However, with another increase in all occasions of use for heavy users from 2021 to 2022, it seems these habits have become permanent lifestyle choices.

2023 Tip: With heavy users now making up a majority of cannabis consumers, they should be a brand's main target. Heavy users aren't a singular group, but nearly all of them use dried cannabis – 91% in 2022 use flower and/or pre-rolls. Nail your value proposition to this audience by niching down to a specific type of heavy user and offering the products they're loving besides flower.



Cannabinoid Competition – Delta-8 & Emerging Cannabinoids

\$2.3 billion – value of hemp-derived THC market in 2022

Psychoactive cannabinoids derived from hemp continued to push the limits of the 2018 Farm Bill this past year. This fledgling market – which includes delta-8, delta-10, HHC, and many more – continues to draw increased ire from regulatory bodies, but the category shows no signs of slowing down. It's managed to gross nearly \$2 billion in sales over the last two years.

Competitive pressures are alarming the cannabis and CBD industries. MJBiz Daily's 2023 industry trends piece goes as far as to call delta-8 a "burr in the industry's saddle." There is a significant overlap between consumers of CBD, cannabis, delta-8, and other emerging cannabinoid products. Looking at current CBD users, 35% have purchased some psychoactive hemp-derived product in the past six months. In legal THC states alone, 23% of cannabis users say they are likely to buy delta-8 products in the future. Consumers are interested and willing to experiment, so they may move more toward delta-8 as time passes, especially if the price differential continues to make it more appealing.

There already appears to be (likely intentional) confusion around hemp-derived delta-8 vs. cannabis-derived delta-9, even in markets where cannabis is legal. Stores selling hemp-derived products market themselves as dispensaries and make all attempts to appear like regulated cannabis. These situations lead to even more difficulty in understanding how these are all playing together. Consumers are confused, making it challenging for them to provide accurate accounts of their own use.

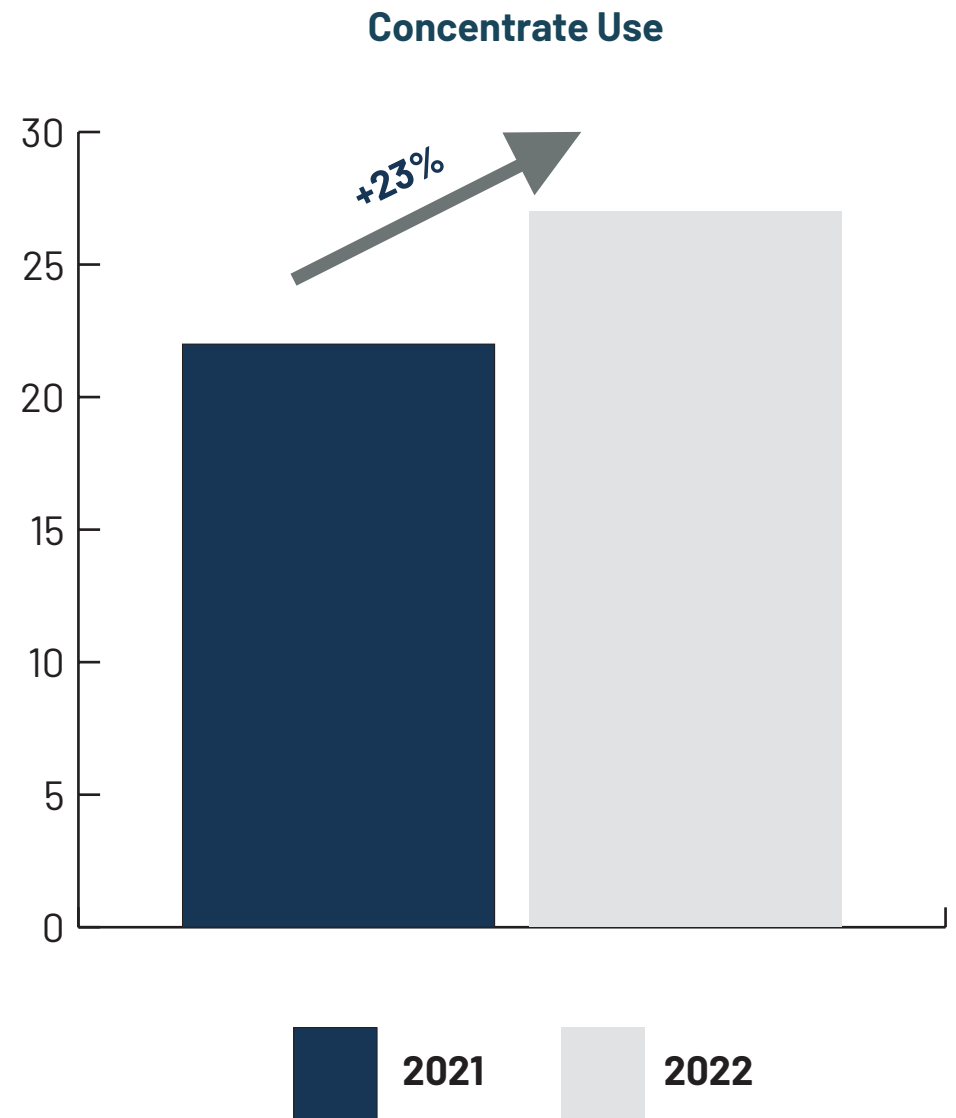
2023 Tip: Regarding the hemp-derived cannabinoids market, CBD and cannabis companies can beat them, join them, or ignore them. Read Brightfield's report on [How Big of a Threat is Delta-8](#) for more on this topic.



Concentrates Catching Up

27% of cannabis consumers used concentrates in 2022 – up from 22% in 2021.

2023 is poised to be a good year for cannabis concentrate adoption. From 2020 to 2021, cannabis flower use skyrocketed while concentrate use held steady. The crop of new/returning cannabis users entering the market during the pandemic gravitated toward flower. But a few years into the market, new product types are being explored. We see consumers in 2022 were around 20% more likely to report using concentrates than they were in 2021.

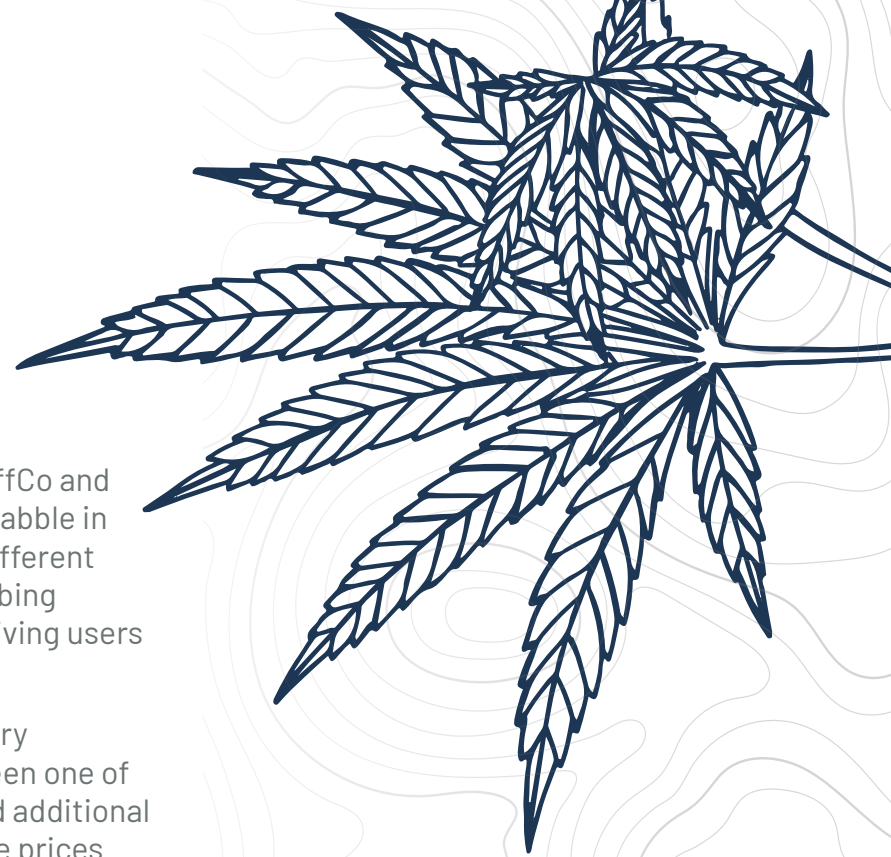


Concentrates Catching Up (cont.)

Using concentrates is becoming more accessible. Dabbing innovations like the PuffCo and Terp Pen make concentrate use easier than ever. This allows more consumers to dabble in dabbing as part of their cannabis lifestyle. Like there are different occasions for different types of alcohol, consumers will find the occasions in their life that best fit for dabbing concentrates versus smoking flower. 2022 also saw the rise of infused pre-rolls, giving users an extremely accessible opportunity to enjoy THC extracts in a familiar format.

Additionally, price compression in the US market has brought concentrates to a very accessible price point for many consumers in legal markets. Concentrates have been one of the more expensive product types due to the large dose of milligrams per pack and additional processing needed. But price compression in some states has pushed concentrate prices as low as flower prices in others. In Michigan, for example, a gram of concentrates starts at around \$16-\$20. In neighboring Illinois, that is about the price of a 1g pre-roll. While the low prices are not good for producers, they allow consumers to explore more within their budget.

2023 Tip: Get creative with concentrates. Infused pre-rolls were just the start, as we're already seeing "infused milled flower" in Canada. Consider how multi-packs of inhalable cannabis – concentrates, flower, and even vapes – can appeal to the growing pool of heavy users exploring a variety of product types.



International Cannabis Waiting Game

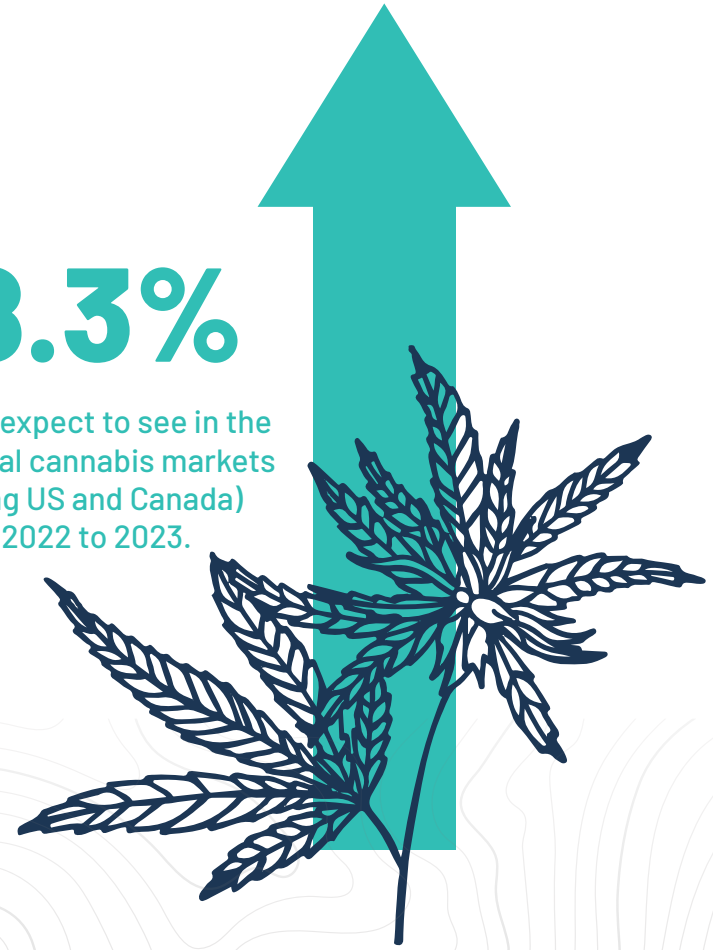
28.3% - the growth we expect to see in the international cannabis markets (excluding US and Canada) from 2022 to 2023.

While cannabis markets abroad are emerging slower than in North America, international cannabis sales are still poised for significant growth over the next five years. Though year-over-year growth slowed slightly in 2022 due to inflationary concerns and a slowdown in patient growth, 2023 is expected to see sales rebound, increasing by 28% from 2022. However, growth two to three times that rate will be expected in the latter half of the 2020s as adult-use markets in populous nations such as Germany and Mexico are expected to become operational.

Brightfield's international forecast is split into three distinct regions: Europe, Latin America, and Asia Pacific & the Middle East. Europe has the largest cannabis market today and will continue to lead global growth across our forecast period (from 2022 to 2027). Over this time, Germany is expected to capitalize on its success in the medical cannabis sector and launch Europe's first full-fledged adult-use market, expected to be worth \$3.5 billion annually by 2027.

28.3%

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International Cannabis Waiting Game (cont.)

In Latin America, eyes were on Mexico after the nation's Supreme Court ruled that cannabis prohibition was unconstitutional. However, the legislature has yet to enact a formal market, and 2022 saw no additional regulations for the country. Reform could come in the latter half of the decade, but the country's history of a violent illicit cannabis landscape may make it difficult to open a legal market. But if Mexico can pull it off, its regulated cannabis market would become the largest cannabis market in the region, quickly overtaking the sales of smaller nations like Uruguay and Costa Rica.

While Asia Pacific & the Middle East is home to two sizable markets – Israel and Australia – the region's market potential remains limited. Today, the region ranks as the second largest outside of North America, behind Europe, though it is expected to drop into third place as Latin American adult-use markets start to come online. At present, no Asia Pacific & the Middle East market is expected to begin adult-use sales before 2027.

2023 Tip: Patience and cautious optimism are needed to operate in international markets. There are limited opportunities in some emerging markets, with regulations expected this year in some of the larger countries creating a more sustainable path forward for real growth. However, delays in regulations are the norm in cannabis, so investors must be in this for the long haul and be ready for a very long path to market.



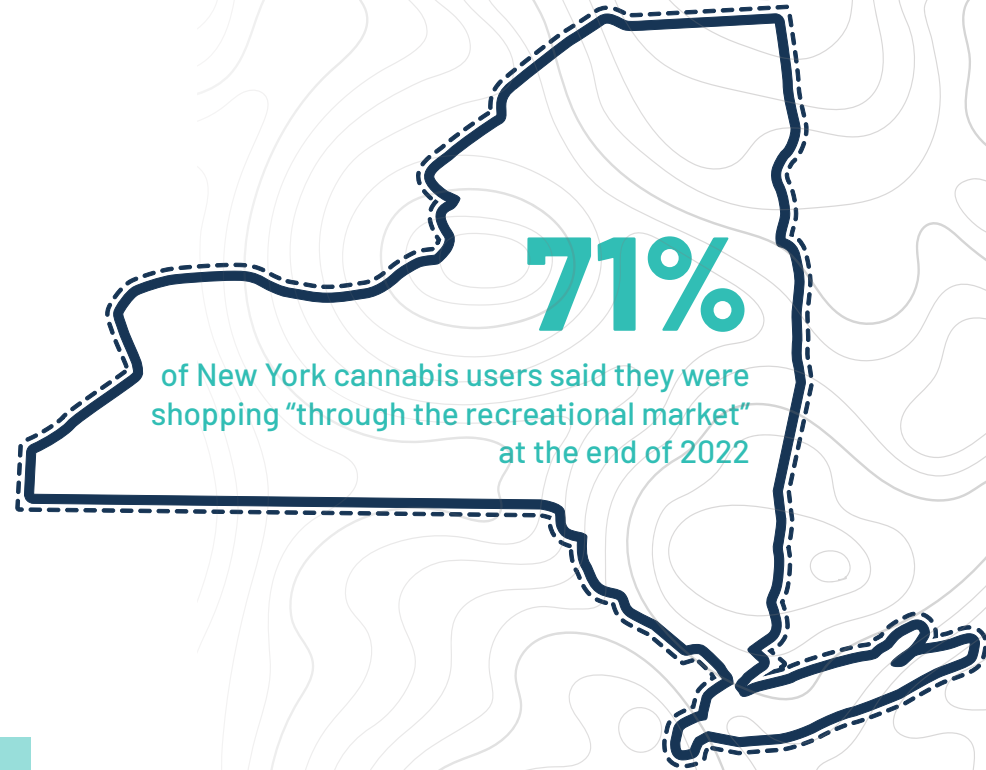
New Market: New York

71% of New York cannabis users said they were shopping “through the recreational market” at the end of 2022.

New Yorkers are confused. When Brightfield conducted its product brand health survey, there was yet to be an open adult-use in the state, but 71% of them said they were buying from a recreational market. With only 22% of New Yorkers saying they purchase cannabis out of state – where they’d have access to recreational markets – it’s alarming to see so many New Yorkers believe they were shopping in a recreational cannabis market. Even when we look at medical patients only, 62% of them say they’re shopping in a recreational market.

The first licensed dispensary in New York opened in December 2022, finally giving legal adult-use access to consumers in the state. 36 of the 175 retail dispensary licenses were awarded in November, and the remaining 35 are expected to open in early 2023 – pending they get the resources from the state they had been expecting. It will continue to be an uphill battle for operators in New York – they have to deal with an illicit market that’s increased in size in the interim between legislative legalization and operational dispensaries.

2023 Tip: As the adult-use market ramps up, operators in New York need to clearly differentiate themselves from illicit sellers – safety, consistency, and satisfaction are more important than ever. At the same time, give consumers a reason to shop legally. Whether it’s unique product types or a strong connection to cannabis culture, these types of innovations will be key to bringing and keeping NY consumers on the legal market.



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. Since 2015, we have helped Marketing, Innovation, and Insights leaders drive customer-centric strategies on their next big idea.



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