2018: The dawn of cannabis wellness.

2018 was a monumental year for the cannabis industry. California, the largest cannabis market in the country, officially transitioned from medical to adult use, and new consumer markets emerged across the U.S.

Throughout the transition, Eaze has kept a finger on the pulse of industry trends as well as consumer purchasing and wellness habits, which we’ve outlined here in our fourth annual State of Cannabis data report.
Executive summary

Baby Boomers and women continue to demonstrate remarkable market share growth and consumers are increasingly turning to cannabis as a wellness tool, with CBD the breakout star of the year.

This latest report in the Eaze Insights series reveals the cannabis customer base is growing and diversifying, demonstrating a rise in popularity across all adult groups, regardless of gender or age. Consumers are also turning to cannabis to curb unhealthy habits. A majority reduced their alcohol consumption, with Millennials showing the most significant decrease, while many reduced or eliminated their need for over-the-counter and prescription pain medication.

Key findings

Here are some of the key findings from the report, based on the anonymized consumer behavior data from Eaze’s database of 450,000 cannabis consumers as well as attitudes and usage data based on nearly 4,000 survey respondents:

• **The cannabis customer base is diversifying across age groups:** First-time cannabis consumers grew by 140% thanks to adult use legalization. Baby Boomers were one of the fastest growing segments, increasing by 25% over the past year.

• **Year of the female cannabis consumer:**
  With female consumers nearly doubling, the growth of women entering the market outpaced men and continued the trend of increasing female participation, with women now 38% of cannabis consumers.

• **CBD is driving a new demographic of cannabis users:** CBD consumers nearly doubled in 2018, growing from 2.6% in 2017 to 4.8% in 2018. Baby Boomers are the most common CBD enthusiasts of all age groups (8.4% in 2018) and female Boomers are the most likely CBD users.

• **Cannabis products are used for a variety of wellness applications:** Overall, 71% of surveyed consumers reduced (53%) or stopped (18%) their over-the-counter (OTC) pain treatment, and 60% have reduced (52%) or stopped (7%) their alcohol consumption.
California’s cannabis industry took a wild ride in 2018. Shifting regulations, a persistent illegal market, and supply constraints due to new testing standards, created an ever changing environment. Despite these challenges, the legal market grew in significant ways thanks to a huge uptick in new consumers and higher individual spending.

New buyers are powering the wellness trend.

Thanks to a new legal market, first-time adult consumers flocked to Eaze in 2018, more than double from the previous year. Even after adjusting for new cannabis taxes and fees, consumers are spending more across the board.

First-time buyers increased 140% in 2018.

Average monthly order volume increased 29% in 2018.
The Boom boom.
Baby Boomers are one of the fastest-growing groups of cannabis consumers. They’re also the biggest spenders by a fairly wide margin – a trend that follows closely along generational lines. On average, Boomers spend 53% more than Gen Z consumers.

Consumers 50+ were one of the fastest growing age groups.

Baby Boomers spend the most each month on average.

Women are catching up.
The gender balance is steadily shifting: the number of female consumers nearly doubled year-over-year between 2017 and 2018, and market share of women rose 3% for the third consecutive year. If the pace continues, we will see equal gender representation among cannabis consumers by 2022.

Women are steadily gaining ground in the cannabis market.

Over the past year the total number of women customers grew 92%.
Veterans and people with disabilities benefit from cannabis.

Veterans make up 3% of all cannabis consumers.

People with disabilities make up 11% of cannabis consumers.

‘Cannabis culture’ is turning into ‘mainstream culture’.
For the first time ever, Green Wednesday, (the day before Thanksgiving) beat the classic cannabis holiday April 20th (4/20) in one-day sales. As cannabis normalizes, consumer e-commerce trends, such as Black Friday shopping, are reflected in cannabis purchases. Legalization also brought an openness around consumption, with many consumers likely sharing their experiences and cannabis education with friends and family around the holidays.

Top Cannabis sales days for 2018:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Sales Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GREEN WEDNESDAY</td>
</tr>
<tr>
<td>2</td>
<td>4/20</td>
</tr>
<tr>
<td>3</td>
<td>HALLOWEEN</td>
</tr>
<tr>
<td>4</td>
<td>VETERANS DAY</td>
</tr>
<tr>
<td>5</td>
<td>SUKKOT</td>
</tr>
<tr>
<td>6</td>
<td>HUNUKKAH</td>
</tr>
<tr>
<td>7</td>
<td>BLACK FRIDAY</td>
</tr>
<tr>
<td>8</td>
<td>COLUMBUS DAY</td>
</tr>
<tr>
<td>9</td>
<td>DIA DE LOS MUERTOS</td>
</tr>
<tr>
<td>10</td>
<td>LABOR DAY</td>
</tr>
</tbody>
</table>

Consumers order cannabis more frequently than ever.
With a widened customer base, consumers purchased cannabis more frequently than ever.

Consumers placed a cannabis order every 8 seconds in 2018.

The average age of a cannabis consumer is 31.
Northern and Southern California have unique buying patterns. As cities enhance cannabis access by allowing delivery services, nuanced neighborhood trends are beginning to emerge in the Bay Area and Los Angeles.

Not only nuanced in their respective regions, there are also subtle differences in how those in Northern California versus Southern California consume. Though the biggest insight here is that our commonalities are greater than our differences.

### NorCal vs. SoCal Trends

#### NorCal:  
- More likely to use CBD: 59% vs. 55%
- More likely to be parents: 24% vs. 21%
- More likely to consume with others: 57% vs. 54%

#### SoCal:  
- Reduced OTC meds more frequently: 70% vs. 74%
- Consumption more likely occurs before or after work: 3% vs. 6%
- More likely to order in daytime: 49% vs. 51%
As new consumers navigate the complex world of cannabis products, there is increasing popularity among easy-to-use products. Products that don’t require paraphernalia such as ready to use prerolls, edibles, and vaporizers are gaining momentum over traditional flower purchases.
CBD is 2018’s darling.
Across all cannabis product types however, one thing is clear, CBD is the breakout star of 2018. The cannabinoid that reportedly brings an array of wellness benefits without the high saw its consumers double year-over-year, with women and Baby Boomers driving growth by using CBD for relaxation, anxiety, stress relief, and pain relief.

CBD consumers nearly doubled in 2018.

NorCal showed more CBD sales growth than SoCal.

Baby Boomers are driving the CBD surge.

*Data represents consumers who primarily purchase products with high CBD content.*
There are subtle differences in product preference among cannabis consumers. As the cannabis consumer diversifies, subtle segment preferences are beginning to emerge. For instance, as women grow as a segment, their preferred products appear to be more “beginner” friendly.

Interest in CBD grew faster among women.

Men and women have slightly different product preferences.

Most popular cannabis products cater to beginners.

When looking at the popularity of vaporizers, the most popular vapes were those that catered to newcomers. Vapes named based on their intended effects — Calm, Happy, or Relief for example — outperformed vapes named after any particular strain of cannabis. Hybrid varieties of cannabis flowers also continued to be preferred over Sativa and Indica strains. Edibles continue to grow in popularity, likely due to the new trend of lower-dosed edibles, and gummies have proven to be the preferred consumption method.

Gummies are the most popular edible.
Wellness continues to be a major player in the increased popularity and consumption of cannabis. While there are subtle nuances regarding how different groups consume cannabis, across gender and generation, the overwhelming commonality is wellness.

Eaze Insight: Consumers take control of their wellness.

Men and women consume for slightly different reasons.

People with disabilities consume differently than people without.

<table>
<thead>
<tr>
<th></th>
<th>CANNABIS CONSUMERS WITH DISABILITY:</th>
<th>CANNABIS CONSUMERS WITHOUT DISABILITY:</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERSONAL CARE</td>
<td>67%</td>
<td>29%</td>
</tr>
<tr>
<td>SLEEP</td>
<td>84%</td>
<td>79%</td>
</tr>
<tr>
<td>AT-HOME ENTERTAINMENT</td>
<td>66%</td>
<td>72%</td>
</tr>
<tr>
<td>SPORTS/EXERCISE</td>
<td>24%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Eaze customers with a disability are more likely to currently use CBD.

Eaze customers with a disability are significantly more likely to reduce prescription pain meds with cannabis.

Eaze customers with a disability are twice as likely to cite cost as an access issue.
Consumers decreasing unhealthy habits thanks to cannabis.
Cannabis consumers are leaving harmful substances and medications behind. Consumers of all generations report drinking less due to cannabis, with Millennials most likely to reduce their consumption.

Veterans differ from non-veterans in their cannabis consumption.

<table>
<thead>
<tr>
<th>VETERANS</th>
<th>NON-VETERANS</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>12%</td>
</tr>
<tr>
<td>59%</td>
<td>42%</td>
</tr>
<tr>
<td>34%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Veterans were twice as likely to quit tobacco using cannabis.
Veterans are seeking more information about CBD.
Veterans are more than twice as likely to consume with family than average.

CBD does not get you high, but it definitely makes you feel something.
CBD-only consumers reported feeling a variety of effects underscoring the expanding role of CBD in the wellness space.

Millenials were most likely to reduce alcohol consumption in 2018.

Gen Z was most likely to reduce or eliminate tobacco use.

CBD-only consumers reported multiple feelings and effects

<table>
<thead>
<tr>
<th>61% RELAXATION</th>
<th>41% ANXIETY RELIEF</th>
</tr>
</thead>
<tbody>
<tr>
<td>41% STRESS RELIEF</td>
<td>40% PAIN RELIEF</td>
</tr>
</tbody>
</table>

Veterans were twice as likely to quit tobacco using cannabis.
Veterans are seeking more information about CBD.
Veterans are more than twice as likely to consume with family than average.

Veterans are more than twice as likely to consume with family than average.

Millenials were most likely to reduce alcohol consumption in 2018.

Gen Z was most likely to reduce or eliminate tobacco use.
**Passing on pills.**
Pain management continues to be a popular application for cannabis. From minor aches and pains to more serious, chronic pain, consumers have historically only had access to over-the-counter or prescription medications. That has changed with the introduction of tested, regulated legal cannabis. Across demographics, Eaze customers report needing fewer pills: 71% reduced reliance on over-the-counter drugs and 35% reduced reliance on prescription medications.

**Cannabis consumers reduced their reliance on both prescription and over-the-counter pain medication.**

**More cannabis, fewer meds.**
Baby Boomers and women are finding the most relief, with higher average doses of cannabis most reducing the reliance on over-the-counter medication.

**Consumers across all demographics reduced their use of over-the-counter pain medication.**

- Women reduced over-the-counter pain medsmore than men.  
  - Women: 75%
  - Men: 68%
- Boomers were the most likely to reduce/stop over-the-counter meds.
  - Boomers: 77%

**Consumers across all demographics reduced their use of prescription pain medication.**

- Women reduced prescription pain med more than men.
  - Women: 36%
  - Men: 44%
- Boomers were most likely to reduce/stop prescription meds.
  - Boomers: 49%
Similar to over-the-counter drugs, prescription pain medications are falling to the wayside as consumers increasingly turn to cannabis for their more serious or chronic pain.

More high-dose consumers reported reduced/stopped OTC pain treatment.

- **HIGH DOSE**: 79%
- **MEDIUM DOSE**: 75%
- **LOW DOSE**: 68%

More high-dose consumers reported reduced/stopped prescription pain treatment.

- **HIGH DOSE**: 51%
- **MEDIUM DOSE**: 39%
- **LOW DOSE**: 31%

* “High Dose” = more than 40mg, “Medium Dose” = 11mg to 40mg, “Low Dose” = 10mg or less
For press inquiries, please contact:

sheena@eaze.com

For research inquiries, please contact:

pgigante@eaze.com

For general inquiries on Eaze operations, please contact:

kkincaid@eaze.com