



eaaze insights

# 2018 State of Cannabis

Data Report

## 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.

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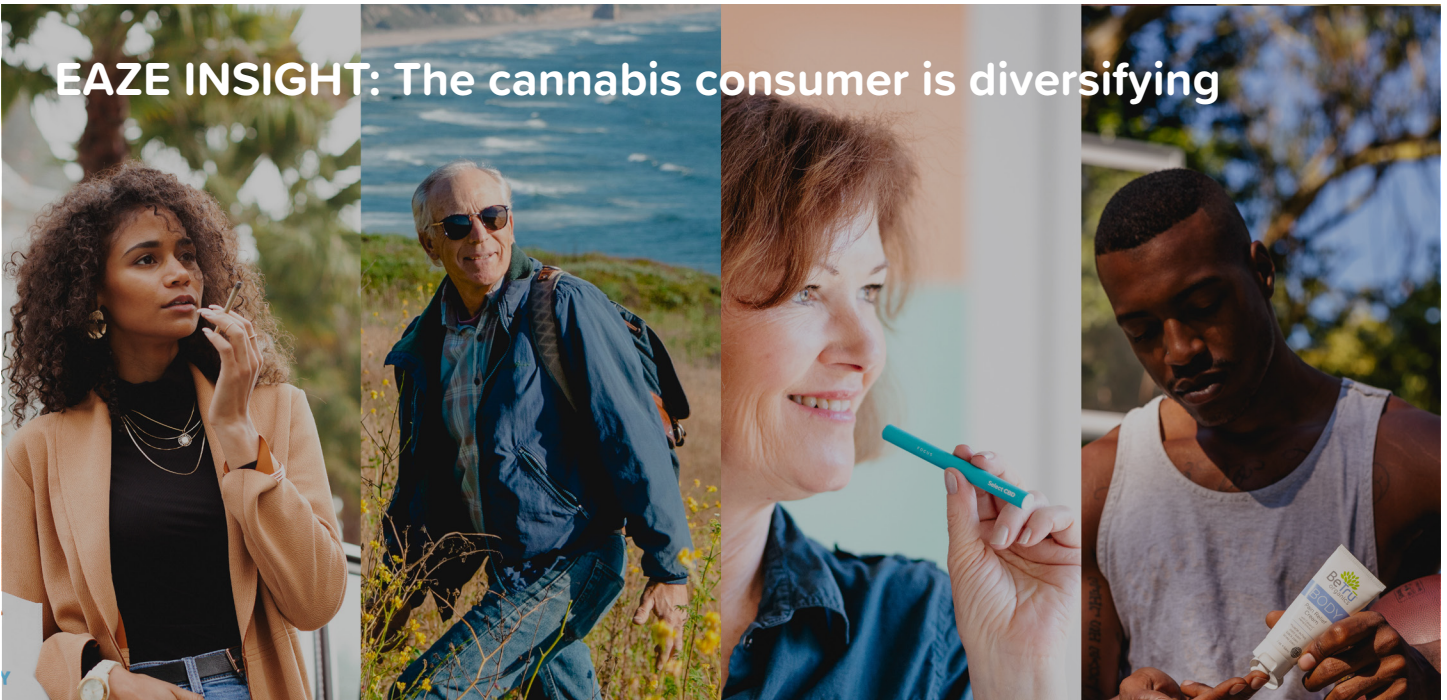
## Key findings

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.



# EAZE INSIGHT: The cannabis consumer is diversifying

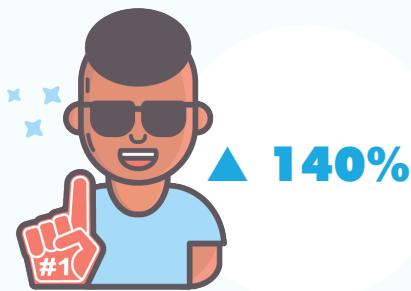


California's cannabis industry took a wild ride in 2018. Shifting regulations, a persistent illegal market, and supply constraints due to new testing standards, created an ever changing environment. Despite these challenges, the legal market grew in significant ways thanks to a huge uptick in new consumers and higher individual spending.

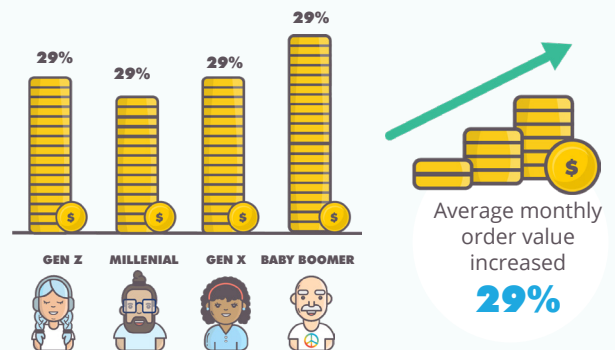
## New buyers are powering the wellness trend.

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.



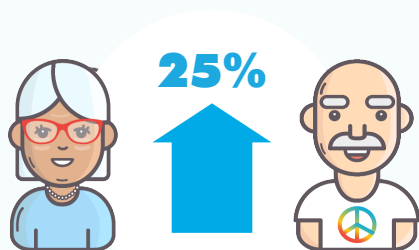
Average monthly order volume increased **29%** in 2018.



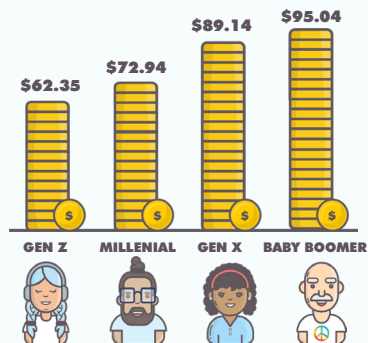
### The Boom boom.

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.

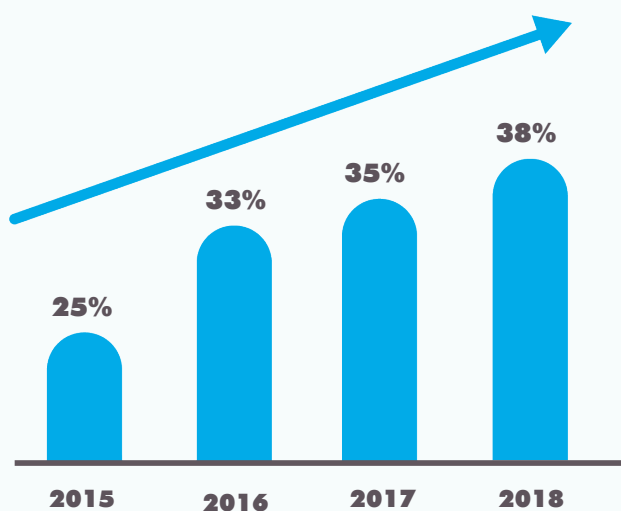


Boomers spent the most each month on average.

### 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.



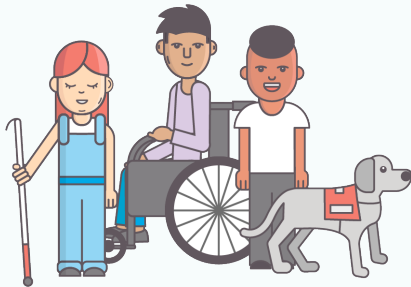
Over the past year the total number of women customers grew **92%**

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.



**Millennials still dominate.**

Millennials are still the biggest group on Eaze, reflected in the average age of our customers:

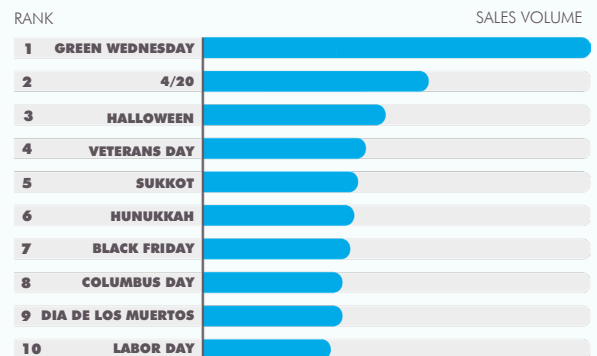
The average age of a cannabis consumer is **31**.



'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:



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.



## 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.

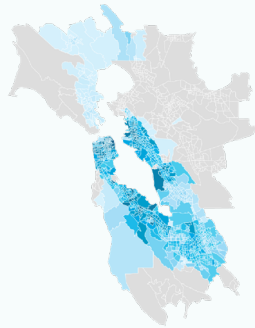
### Number of Eaze orders by region: Bay Area

#### TOP 5 NEIGHBORHOODS:

-  South Beach
-  Mission Bay
-  Financial District
-  Haight Ashbury
-  SoMa





#### ORDER VOLUME

- LOW
- MED
- HIGH



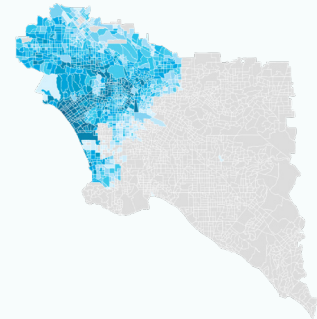
### Number of Eaze orders by region: Los Angeles

#### TOP 5 NEIGHBORHOODS:

-  Santa Monica
-  Playa Vista
-  Little Armenia
-  West Los Angeles
-  Venice Beach

#### ORDER VOLUME

- LOW
- MED
- HIGH



## NorCal vs. SoCal Trends



**NorCal:**



More likely to use CBD



More likely to be parents

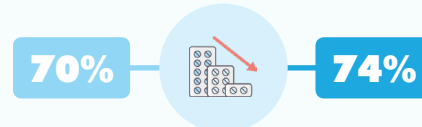


More likely to consume with others

**VS.**



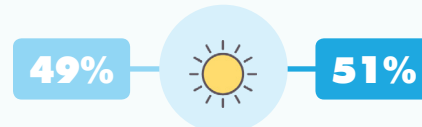
**SoCal:**



Reduced OTC meds more frequently



Consumption more likely occurs before or after work



More likely to order in daytime

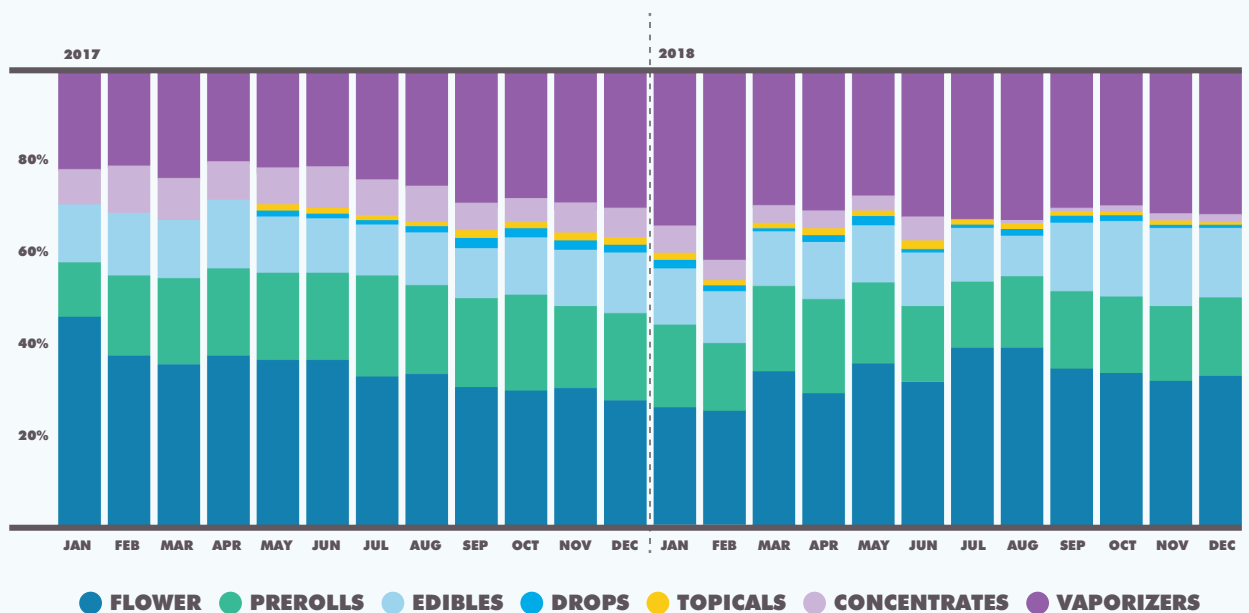


## EAZE INSIGHT: Convenient consumption on the rise.



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.

## Product Category Sales Trends

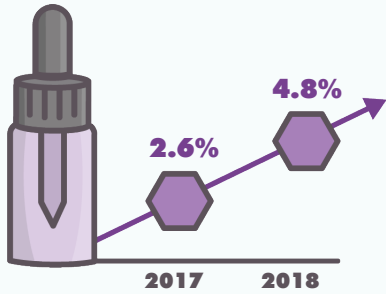




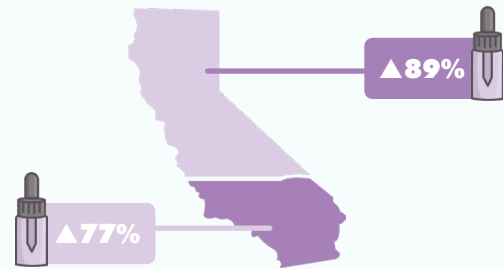
### CBD is 2018's darling.

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.

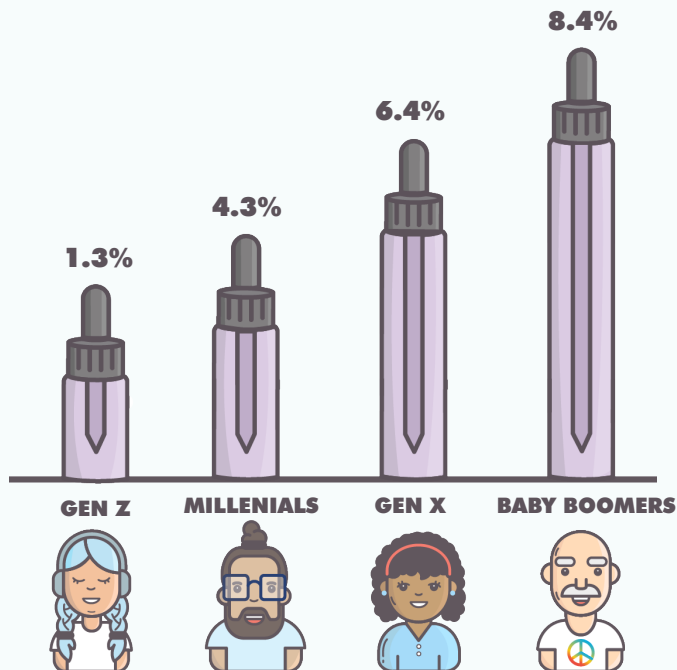
#### CBD consumers nearly doubled in 2018.



#### NorCal showed more CBD sales growth than SoCal.



### Baby Boomers are driving the CBD surge.



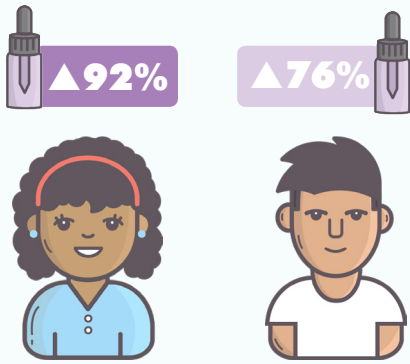
Female Boomers make up **29%** of consumers primarily purchasing CBD

*\*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.

**WOMEN ARE MORE LIKELY TO PURCHASE:**

**EDIBLES**

▲6%



**DROPS**

▲3.5%



**TOPICALS**

▲5%



**MEN ARE MORE LIKELY TO PURCHASE:**

**FLOWER**

▲3%



**CONCENTRATES**

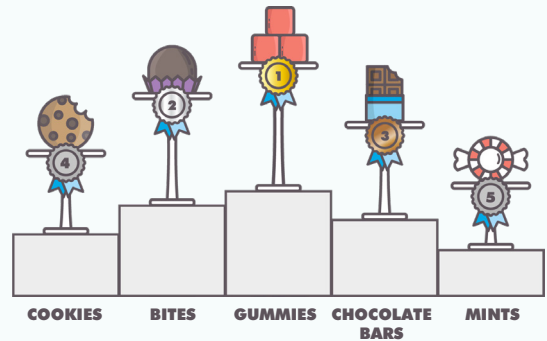
▲4%



### 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.



# Eaze Insight: Consumers take control of their wellness.



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.

## Men and women consume for slightly different reasons.



PERSONAL CARE



SLEEP



AT-HOME ENTERTAINMENT



SPORTS/EXERCISE

## People with disabilities consume differently than people without.

CANNABIS CONSUMERS WITH DISABILITY:

CANNABIS CONSUMERS WITHOUT DISABILITY:



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.

## Veterans differ from non-veterans in their cannabis consumption.

VETERANS

NON-VETERANS

25%



12%

Veterans were twice as likely to quit tobacco using cannabis.

59%



42%

Veterans are seeking more information about CBD.

34%



15%

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.

## CBD-only consumers reported multiple feelings and effects



61%  
RELAXATION



41%  
ANXIETY RELIEF



41%  
STRESS RELIEF

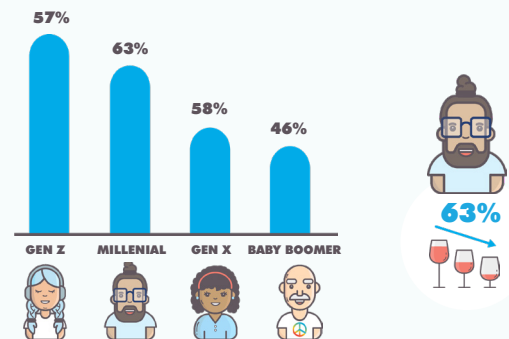


40%  
PAIN RELIEF

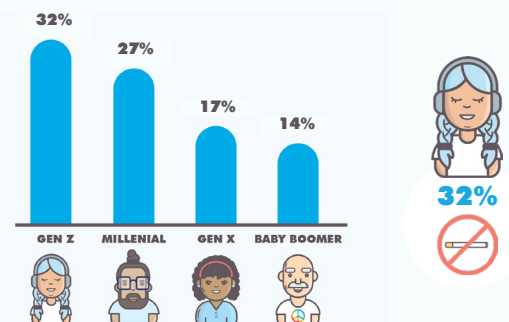
## Consumers decreasing unhealthy habits thanks to cannabis.

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.

## Millennials were most likely to reduce alcohol consumption in 2018.



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

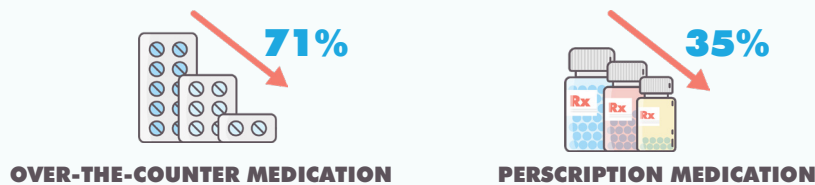




### Passing on pills.

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.

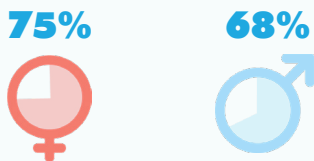


### More cannabis, fewer meds.

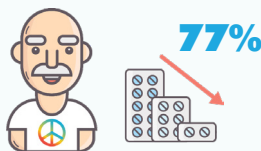
Baby Boomers and women are finding the most relief, with higher average doses of cannabis most reducing the reliance on over-the-counter medication.

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

Women reduced over-the counter pain meds more than men.

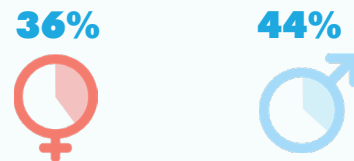


Boomers were the most likely to reduce/stop over-the-counter meds.



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

Women reduced prescription pain meds more than men.

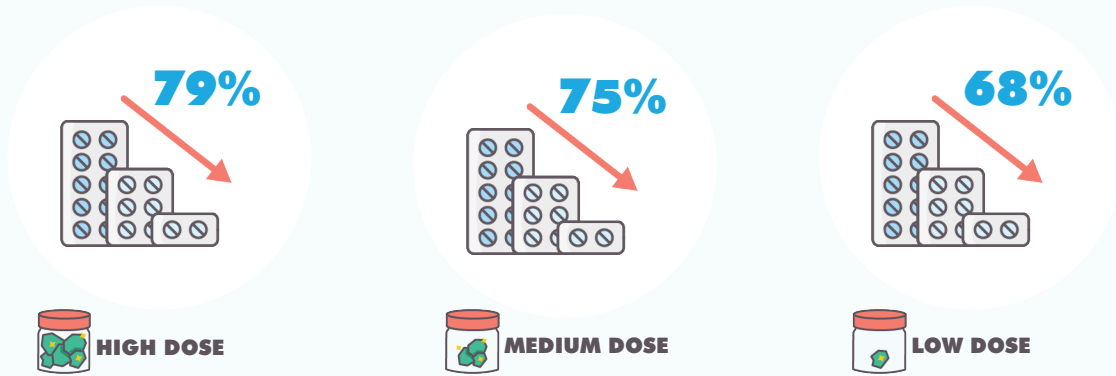


Boomers were most likely to reduce/stop prescription meds.

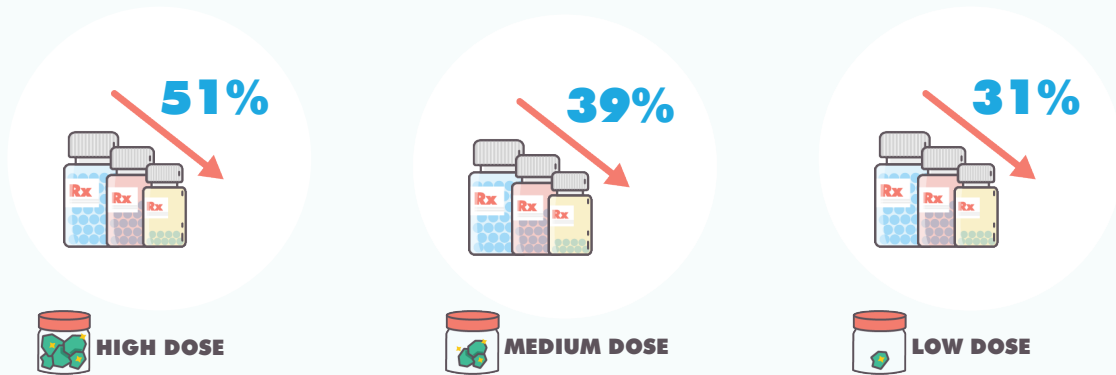


Similar to over-the-counter drugs, prescription pain medications are falling to the wayside as consumers increasingly turn to cannabis for their more serious or chronic pain.

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



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



\* "High Dose" = more than 40mg, "Medium Dose" = 11mg to 40mg, "Low Dose" = 10mg or less

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