

Press Release

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Legal Cannabis Poses a Long-Term Risk to All Beverage Alcohol Categories in the U.S.

37% of Alcohol Drinkers in Legal Cannabis States Also Consume Cannabis, Expected to Grow as Marijuana Acceptance Expands

New York, NY – Though legal cannabis is currently only a fraction of comparable alcohol sales, a newly published study shows that the risk to beverage alcohol is expected to expand as cannabis acceptance and consumption grows, particularly among beer and spirits drinkers. The report also notes that Millennial consumers represent 45% of ‘dualists’ (those who consume both cannabis and alcohol), which is a sobering statistic for beverage alcohol companies who are trying to capture long-term share of mind and wallet among this important demographic.

The new wide-ranging report, *Beverage Alcohol, Cannabis and the Changing U.S. Consumer: What are the Real Risks and Opportunities to Consumption Behavior?*, is a cooperative initiative between IWSR Drinks Market Analysis and BDS Analytics, the data, intelligence and consumer research experts in the fields of beverage alcohol and cannabis respectively.

The U.S. cannabis industry has seen an explosion of growth within the past few years – 10 states have now approved adult recreational usage of cannabis products and 34 states have approved cannabis for medicinal purposes. All but two of the remaining states allow for cannabidiol (CBD) products. The IWSR/BDS Analytics study is a comprehensive and far-reaching examination of the state of the current industry, alcohol and cannabis consumers and consumption occasions, trends, risks and opportunities, and growth expectations.

“Our research shows that up to 40% of adults 21 and over consume cannabis in states where it’s legal. Cannabis presents substantial opportunities across consumer industries, including new occasions that alcohol cannot and will not play,” said Jessica Lukas, vice-president, BDS Analytics. “Consumers will continue to look to cannabis products over alcohol for occasions when they are feeling creative, need to get motivated, or seeking health, medical or wellness benefits.”

The report also details areas where beverage alcohol and cannabis can and do coexist. Though some cannabis use is starting to emerge during occasions that have been traditional alcohol occasions, the study indicates that cannabis and alcohol are often not always appropriate for the same occasions. Also, not all alcohol consumers are cannabis consumers, and not all cannabis consumers are alcohol consumers. There is still a large market of consumers that are, and will be for some time, unfazed by cannabis offerings.

“Though not yet mainstream, cannabis adoption is certainly growing in states where it’s legal and does pose a risk to the beverage alcohol industry in the future,” said Brandy Rand, IWSR’s U.S. president. “It’s important that

alcohol brands pay attention to their consumers, recognizing that some occasions may result in a decrease in alcohol consumption in place of, or alongside, legal cannabis.”

The report notes that cannabis and alcohol are different, and not every dollar spent on legal cannabis is a dollar taken from alcohol. Nonetheless, it warns that it is critical for beverage alcohol companies to prepare today to meet consumers’ needs as these markets continue to mature and overlap.

Other interesting findings included in the report:

- In states where cannabis is legal, alcohol consumption still remains higher, with twice as many legal-aged adults consuming alcohol compared to cannabis.
- Two-thirds of cannabis consumers in fully legal cannabis markets also consumed alcohol, however, only approximately one-third of alcohol consumers in these markets also consume cannabis.
- More than 50% of people indicate that they have ever paired cannabis with alcohol, though few pair the two together often. When they do pair, half say they drink less.
- On average, cannabis and alcohol dualists are more likely to drink beer (especially craft beer) and spirits; fewer drink wine.
- Baby Boomers tend to be more alcohol exclusive, while Millennials prefer interchanging cannabis and alcohol, or just consuming cannabis.
- Cannabidiol (CBD) is exploding as an ingredient of interest among both cannabis consumers and non-cannabis consumers. Edibles (which includes beverages) represent 53% of CBD product sales.
- 44% of cannabis and alcohol dualists say that marijuana should be sold in the same stores as alcohol.

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About the IWSR

The IWSR is the leading source of data and intelligence on the alcoholic beverage market. The IWSR's database, essential to the industry, quantifies the global market of wine, spirits, beer, cider, and mixed drinks by volume and value in 157 countries, and provides insight into short- and long-term trends, including five-year volume and value forecasts. The IWSR tracks overall consumption and trends at brand, price segment and category level. Our data is used by the major international wine, spirits and beer companies, as well as financial and alcoholic beverage market suppliers. The IWSR's unique methodology allows us to get closer to what is actually consumed and better understand how markets work. Our analysts travel the world in order to meet over 1,600 local professionals to capture market trends and the ‘why’ behind the numbers.

About BDS Analytics

Headquartered in Boulder, CO, BDS Analytics provides businesses with comprehensive, actionable and accurate cannabis market intelligence and consumer research. The company provides a holistic understanding of the cannabis market by producing insights from dispensary point-of-sale systems through its market-leading GreenEdge™ platform, driving consumer research with its Cannabis Insights Group, and generating market-wide cannabis industry financial projections through its Industry Intelligence Group. To learn more about how you can utilize BDS Analytics’ superior market research, please visit www.bdsanalytics.com.