

The Future of CBD and Cannabis Under COVID-19

APRIL 1, 2020



Agenda

- Welcome & Introductions
- Impact of COVID-19 on CBD/Cannabis
- Impacts to Strategy and Marketing
- Resources and Next Steps



Bethany Gomez

Managing Director



Kay Tamillow

Research Director

A little bit about us.

Who we are:

We provide multi-source consumer insights and market intelligence for the CBD and Cannabis industries. We have been answering difficult business questions with data-driven answers for these industries since 2015.



Our methodology:

We take a modern approach to a modern industry.

By integrating innovative technologies like machine learning, social listening, and natural language processing with robust human analysis across regulations, market sizing, and more, we are able to get a 360-degree view of the CBD and Cannabis industries.

We leveraged several sources for our COVID-19 analysis:



Social Listening Data

Tracking conversations about COVID-19, CBD and Cannabis.



Survey Data

Measuring impact to consumer's purchasing attitudes.



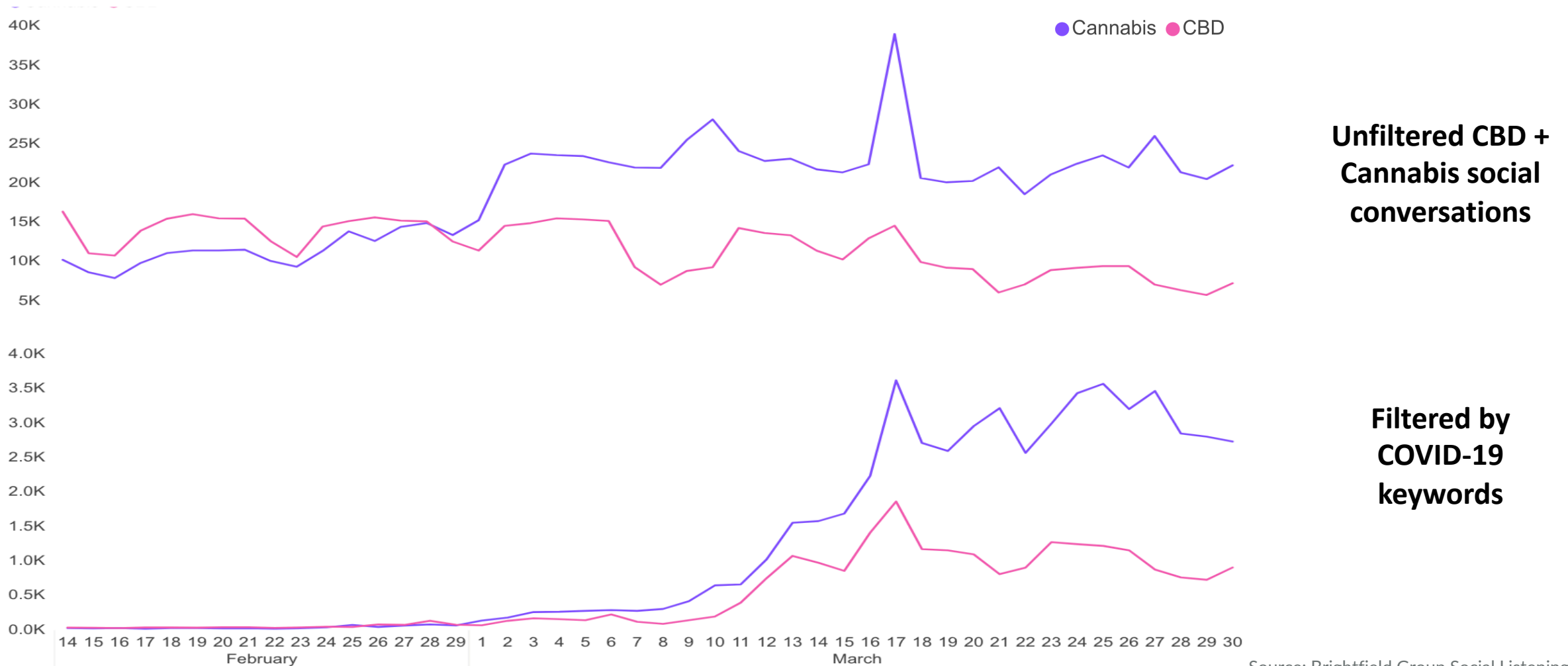
Interviews with Brands & Data Share Agreements

Providing insight on sales and channel impacts throughout the supply chain.

Overview

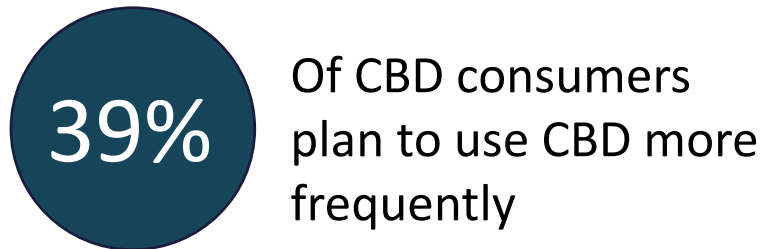
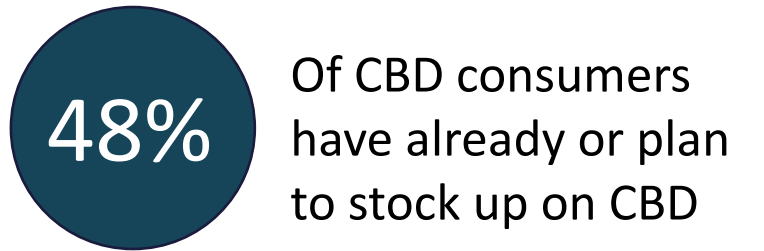


Social Conversations about CBD/Cannabis alongside COVID-19 peaked during the start of the US quarantine periods.



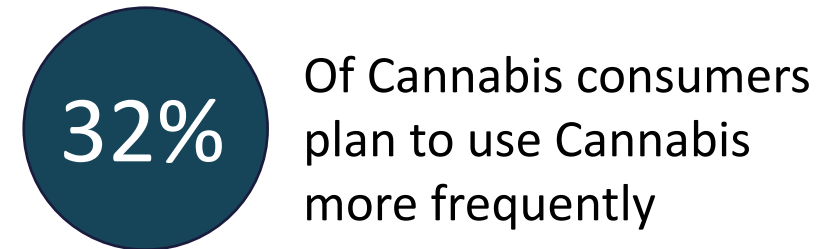
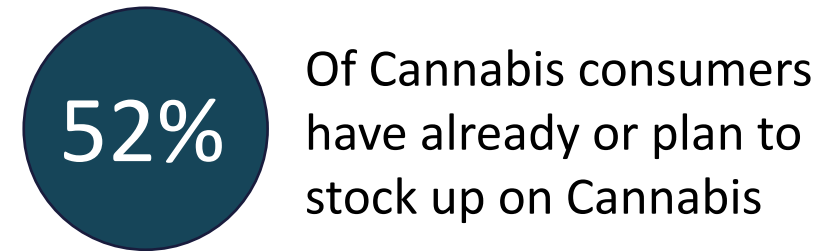
What does this mean for sales and consumer demand?

Stocking Up on CBD



Source: Brightfield Group COVID CBD Consumer Survey, N=1,676

Stocking Up on Cannabis



Source: Brightfield Group COVID Cannabis Consumer Survey, N=941



Impacts to Strategy and Marketing

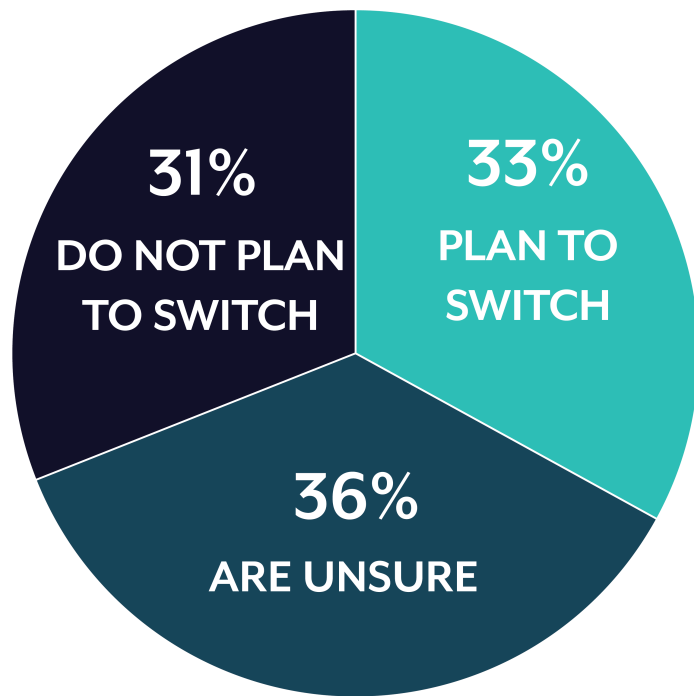


CBD

The Shift to D2C

Changes in CBD Purchasing Habits

Will consumers switch to ecommerce?

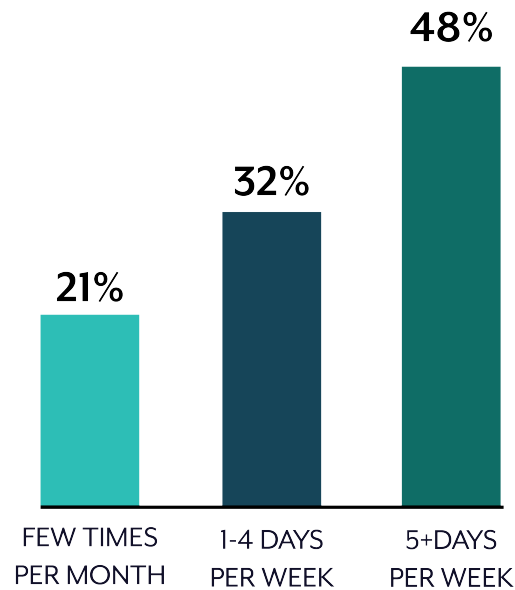


- Store clerks are gone so there is a need to shift to digital advertising and digital consumer education efforts.
- E-commerce baskets are sticky- consumers will buy the same product again and again and again in e-commerce.
- Need to execute inventory and distribution planning to prevent fulfillment bottlenecks and delays to consumers.

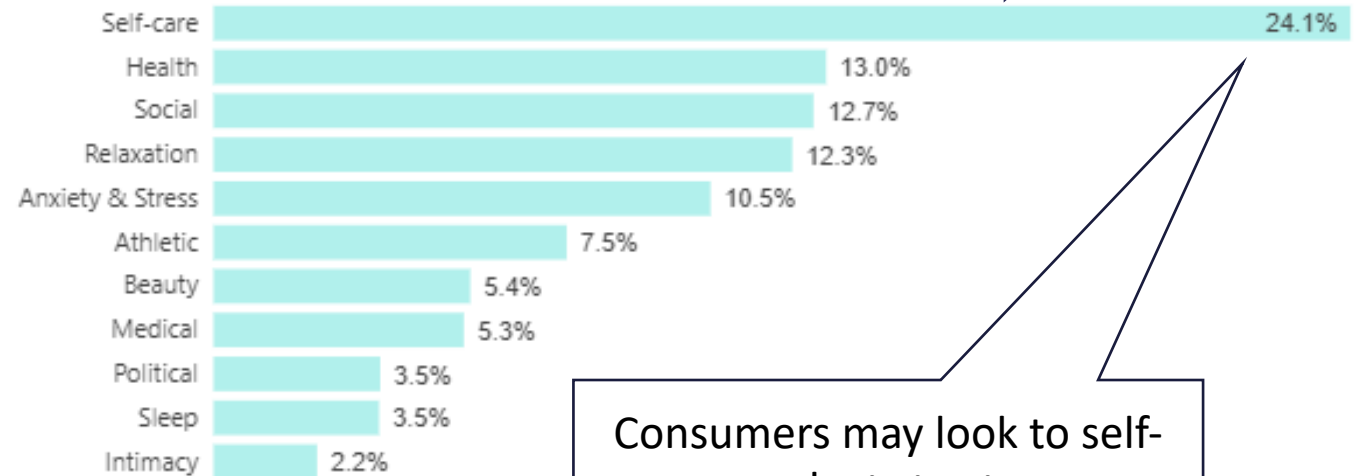
Consumers look to use CBD more frequently, with self-care as a priority

Changes in CBD Use By Frequency

% PLANNING TO USE CBD MORE OFTEN
BY FREQUENCY OF USE



Social Media Posts by Topic



Hope everyone is enjoying their weekend and are staying safe and healthy! Take some time to relax and try and forget about all the panic and hysteria CBD for the Win #hemp #CBD #CBDoil #wellness #selfcare

#cbd #cbdoil #cbdtea #mind #body #soul #selfcare #puertorico #nashville Communication with your body is so important. What do you need today? What is your spirit hungry for?

Consumers may look to self-care products to stay sane and provide comfort during quarantine.

CBD Retail Channels – what is essential?

E-Commerce	Online orders spiking
Pharmacy	Essential retail, foot traffic up, shifts in hours and shopping patterns
Natural Grocers	
Vape & Smoke Shops	Attempting to remain open, many with limited hours or click & collect
CBD Specialists	
Beauty Specialists	Sephora and Ulta close stores, shift online

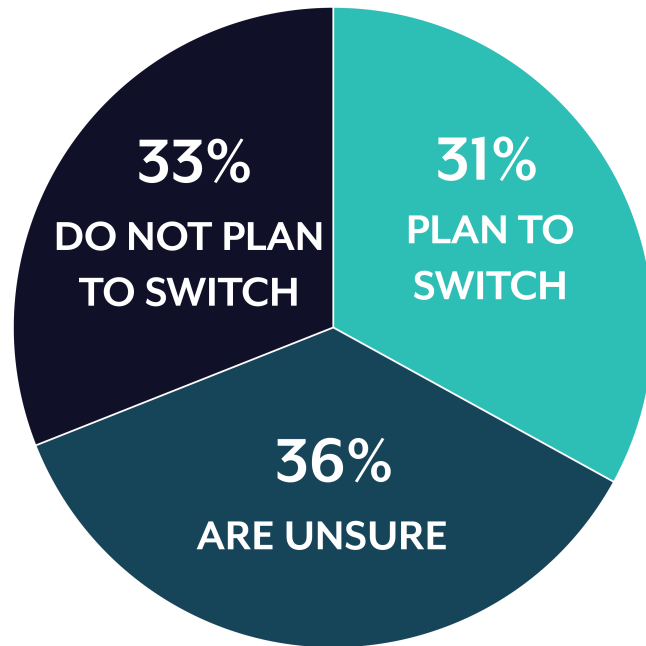


Cannabis

Dispensary shifts marketing, and harm reduction efforts are top of mind

Changes in Cannabis Purchasing Habits

Will consumers switch to delivery or click and collect?

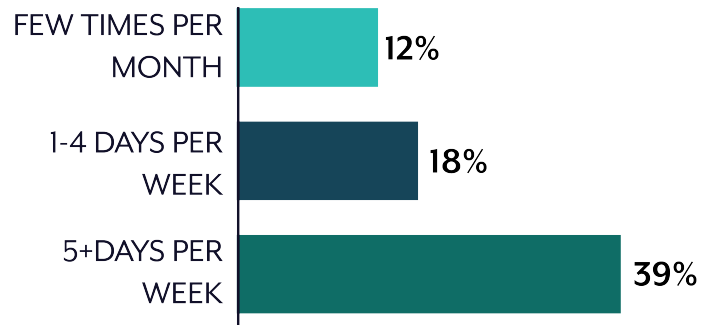


- Many cannabis consumers are shifting to buying online for delivery or click and collect, which means budtenders are drastically shifting their dynamic with consumers.
- Dispensaries are at-risk for closing, and/or limiting entry, making the case for increased delivery options in states where this exists.
- Consumers may look to replace inhalables as the pandemic continues, but for now they are sticking with what they know and considering additional edibles.

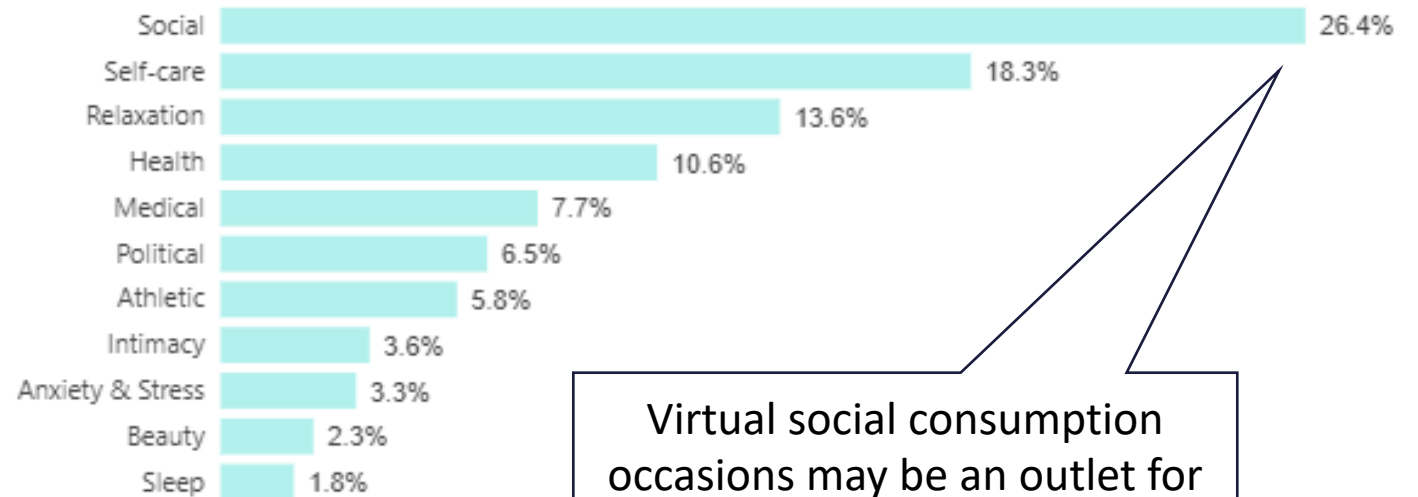
Consumers look to use Cannabis more often with social being the most common topic, self-care second

Changes in Cannabis Use By Frequency

% PLANNING TO USE CANNABIS MORE OFTEN
BY FREQUENCY OF USE



Social Media Posts by Topic



Now may be a good time to get your deliveries in . Schools are closing, Events are being cancelled, and the grocery stores are empty! . Dont wait
#localsmokeshop #dcliving
#cannabiscommunity

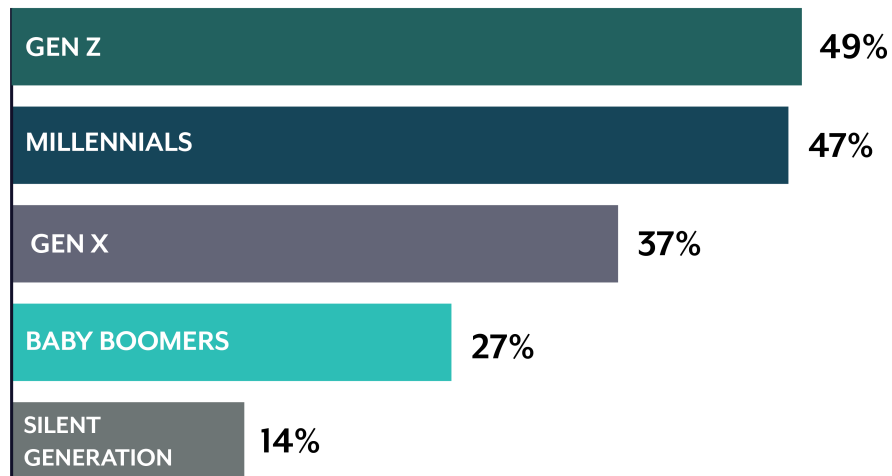
The only way to be during self quarantine. #stoned
#quarantineandchill

Virtual social consumption occasions may be an outlet for cannabis consumers to gain social relief.

Generations plan to use at different rates, while all plan to increase consumption

Changes in CBD Use By Generation

% PLANNING TO USE CBD MORE FREQUENTLY
BY GENERATION

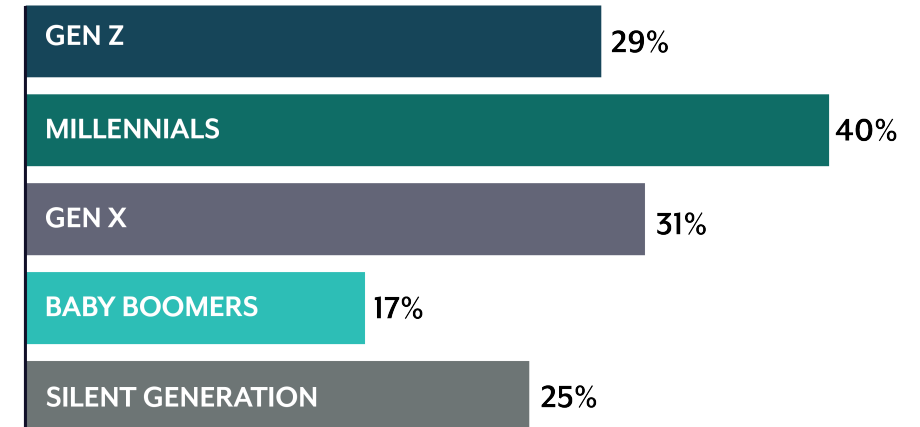


Gen Z + Millennial CBD users are the **most likely** to be using CBD to manage **anxiety**.

Source: Brightfield Group COVID CBD Consumer Survey, N=1,676

Changes in Cannabis Use By Generation

% PLANNING TO USE CANNABIS MORE FREQUENTLY
BY GENERATION

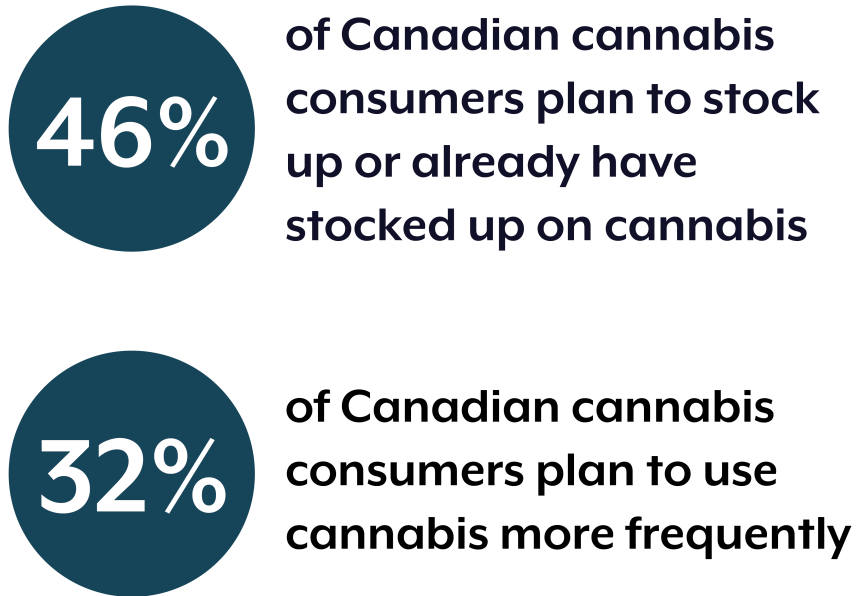


32% of cannabis consumers plan to use cannabis **more frequently** amidst the COVID-19 crisis.

Source: Brightfield Group COVID Cannabis Consumer Survey, N=941

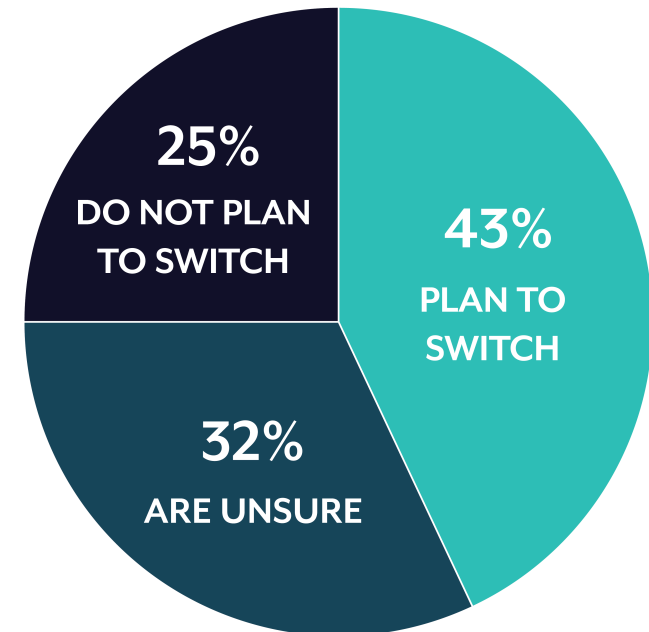
Canadian consumers are responding similarly to US, though fewer consumers plan to increase spending.

Stocking Up



Changes in Cannabis Purchasing Habits

Will Canadian consumers switch to delivery or click and collect?



Cannabis Retail Channels – what is essential?

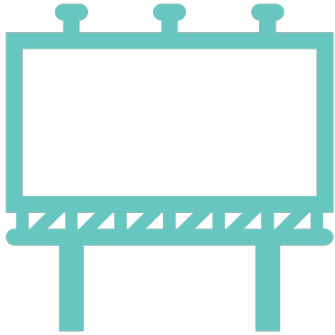
Medical	Deemed essential or allowed to stay open in most states
Adult-use	Operating in all states except MA

- While most dispensaries remain open, many are shifting to curbside pickup or online ordering.
- Shifting hours – including hours for medical sales only – are common, along with increased sanitation and social distancing measures.
- Pushback against closing recreational dispensaries was successful in Colorado, but not yet in Massachusetts



Next Steps

Your 2020 Marketing Plan no longer makes sense.



Most brands were focusing most of their spend on trade shows, event marketing, out of home advertising – all of which are disappearing



There are less channels available for retail and consumer interactions; in-store activations

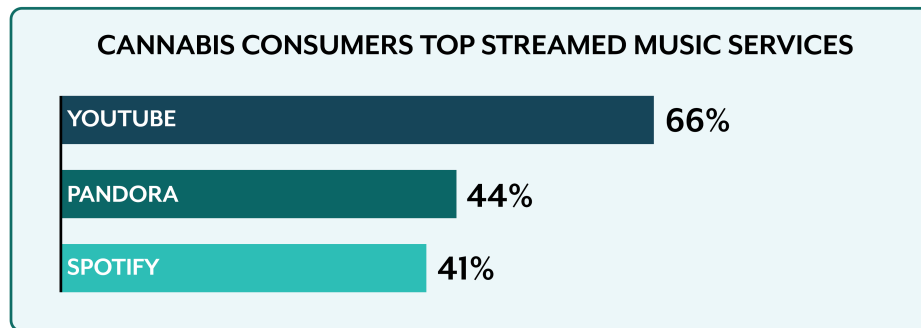


Competition increases for digital ad space, where allowed, and less available options for consumer education.

With limited options, marketers must embrace digital.

TOP MUSIC STREAMING SERVICES

To better understand how cannabis consumers spend their free time, we explore the top music streaming services they report using.



50%

of cannabis consumers
over **35 years of age**
listen to **local radio**

55%

of cannabis consumers
under **30 years of age**
listen to **Spotify**

- Ad restrictions are limiting paid media strategies, and content marketing provides short and long-term opportunities to get in front of the right consumers.
- Content platforms provide the owned and shared media to build strong brand loyalty.
- **Be creative.** Leverage marketing across podcasts, playlists, and co-branded videos to deeply resonate with your audiences.

What is the “new normal” for CBD and Cannabis brands?



CBD e-commerce sales are spiking

As available channels diminish, consumers are turning to e-comm to stock up



Cannabis dispensaries & delivery services reacting

Certain states are restricting dispensary visits, and delivery/click & collect spiking



Marketing priorities shifting to online

Consumers staying home, retailers closing, making digital initiatives paramount

What are the long-term opportunities?



Build a strong foundation for brand loyalty

Capitalize on the stickiness of e-comm and increased screen time.



Gain market share

Understand what your consumer is willing to choose YOU for (price, taste, etc.)



Think outside the box.

Industry shifts can provide opportunities for new formats, usage occasions, etc.

Resources and Next Steps



Connect with your Account Manager

For strategy and planning support due to COVID-19



Monitor the COVID-19 Insights Resource center

<https://www.brightfieldgroup.com/covid-19>



Attend the next webinar on April 10

Deep dive into personas and developing a consumer-centric digital strategy



Thank you!

For more information, please contact
marketing@brightfieldgroup.com



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