

CANNABIS MARKETPLACE FACTS & STATS

Cannabis Marketplace Booming

The regulated cannabis market is one of the fastest growing industries in the United States (U.S.). In fact, legal cannabis now supports 340,000 full-time American jobs as of 2020, according to data tracked by New Frontier. By 2025 the industry is projected to have close to 50 million consumers.

Nationwide, cannabis sales increased 67% in 2020 to \$17.5 billion, according to industry analyst BDSA. Wall Street analysts project the industry will be worth \$100 billion by 2030. Colorado has the second highest marijuana sales in the U.S. (\$1.56 billion), after California (\$2.75 billion) with Washington third (\$1 billion), Oregon fourth (\$777.6 million), and Michigan fifth (\$633 million).

Currently, 36 U.S. states and Canada have some form of legalized marijuana use; two-thirds of Americans support legalization (Pew Research). No doubt, acceptance of cannabis and the diversity of products will grow, putting increased demand on growers, cultivators, and processors

Pass or Fail: Cannabis Quality Control

Lab-verified product safety is required for the sale of cannabis in most states. Any potential fungal or bacterial contaminant – yeast, mold, pathogens – pose a risk to the health of consumers and diminish product quality and potency. For example, after undertaking random samplings of retailers for microbial contaminations in 2019, Denver's Department of Public Health & Environment found an 80 percent failure rate.

Oversights in cannabis processing and insufficient internal quality control can lead to problems with mold and bacterial contaminants on cannabis flower. Due in part to increasing product recalls, concerns about cannabis safety and potency are growing at the same time the industry is expanding. As a result, many cultivators and processors are attempting to adopt quality control methods like practices developed in the early days of the food industry.

Knowing in advance about any hidden dangerous micro-organisms that may be present before distribution provides cannabis business owners with profit protection and delivers a better consumer experience.

Following are recent statistics that support the cannabis marketplace's growth potential:

BDSA Analytics Report on Legal Cannabis Sales for 2020 (Fortune magazine article)

- Legal sales across the U.S.—14 states allow adult use, 36 allow for medical sales—hit a record of \$17.5 billion, a 46% increase from 2019.
- Most of the sales growth came from adult-use markets, especially mature markets like Colorado, which grew sales by 26% to reach \$2.2 billion, and Oregon, which saw sales hit \$1.1 billion, a 29% increase over 2019.
- Emerging markets like Illinois, which expanded its medical cannabis market to include adult-use sales last year, saw the largest dollar gain in 2020, rising by \$784 million. (Illinois' cannabis market is now doing over \$1 billion in sales.)
- More people are consuming more cannabis than before. About 30% of consumers surveyed by BDSA said they shop for cannabis products more often, while 25% of consumers say their cannabis usage has increased since before the pandemic.
- Of people living in states that have legalized recreational sales, 43% use cannabis, up from 38%. In Colorado, where market penetration is greatest in the country, 48% of Coloradans imbibe.

Grandview Research (May 2021)

- The global legal marijuana market size is expected to reach USD 70.6 billion by 2028, according to a new report by Grand View Research, Inc. This market is expected to expand at a CAGR of 26.7% from 2021 to 2028.
- Based on marijuana type, the adult-use segment accounted for the largest share of 54.6% in 2020 owing to high demand among millennials and patients who do not qualify for medical cannabis
- North America accounted for the largest revenue share of 79.6% in 2020 owing to the early legalization of medical and recreational cannabis in the region and the large customer pool.

Pew Research Center Survey (conducted April 5-11, 2021)

- An overwhelming share of U.S. adults (91%) say either that marijuana should be legal for medical *and* recreational use (60%) or that it should be legal for medical use only (31%). Fewer than one-in-ten (8%) say marijuana should not be legal for use by adults.
- From 2000 to 2019, the share of Americans saying marijuana should be legal more than doubled.

Gallup Survey (conducted May 15-May 30, 2019)

- Gallup has documented a sharp increase in the percentage of Americans favoring legal marijuana in the past decade, from 44% in 2009 to 64% in the current survey.
- Half of adults in the U.S. say they have tried marijuana.
- Twelve percent of adults say they currently smoke marijuana.