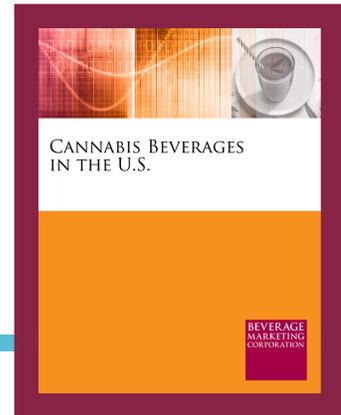


CANNABIS BEVERAGES IN THE U.S.

2020 EDITION (Published June 2020. Data through 2019. Market projections through 2026.) More than 70 pages, with extensive text analysis, graphs, charts and tables.



Cannabis-infused products – the next great market disruptors – are here. In this market report, Beverage Marketing Corporation helps entrepreneurs, market veterans and investors get their arms around the U.S. cannabis beverage and edibles opportunity. Its size, the hurdles, progress to date and projections for the future, plus data, analysis, a look at new products and market projections. It's all here. Impact of the coronavirus epidemic is also discussed.

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HAVE
QUESTIONS?

Contact Charlene Harvey: 212-688-7640 x 1962
charvey@beveragemarketing.com



BEVERAGE MARKETING CORPORATION
850 Third Avenue, 13th Floor, New York, NY 10022
Tel: 212-688-7640 Fax: 212-826-1255

The legalization of medicinal and recreational marijuana and hemp-based products continues, with more U.S. states coming on board. Like the Wild West and the Gold Rush of America's past, both the potential risks and rewards are uncharted and unprecedented.

Some have proceeded with caution while others have jumped in head-first. Entrepreneurs, large, traditional food and beverage companies, traditional and non-traditional beverage distributors and investors will continue to explore and experiment to find the best way to make their mark. However, the category has faced regulatory headwinds, giving marketers more time to develop a strategy to take advantage of the new paradigm in functional and recreational cannabis-infused edibles and beverages – or risk being left behind. Either way, it's an issue that can't be ignored.

For those who have already entered the market or those considering getting in on the ground floor, this report from Beverage Marketing Corporation provides the information necessary to assess the hurdles and analyze the risks and rewards. This report will be of great interest to entrepreneurs looking to enhance their business plans, larger food and beverage companies or investors seeking to seize the opportunity and assess the early market entrants. It will also be helpful to industry suppliers, consultants and others needing to get a feel for what is coming down the road. From products, to technological advances in formulation, to potential strategic initiatives that may be worth considering, this BMC report will quench the thirst for a deep understanding of opportunities in the CBD & THC infused market in general, and beverages in particular.

THE ANSWERS YOU NEED

This insightful market report measures retail dollar sales and discusses key issues in the cannabis and cannabis beverage markets. BMC's exclusive seven-year projections are also included. Questions answered include:

- What is the size of the cannabis opportunity? What is the value of the current and historical legal vs. illegal cannabis market and how does this data, combined with growing demand for legalized product impact the projected size of a legalized market for cannabis products in general and beverage products in particular?
- What is the difference between CBD and THC, and what are the market dynamics underpinning both?
- How big is the cannabis market and its CBD and THC segments? How do the market shares of CBD and THC differ when looking at the cannabis market in general and the beverage segment specifically? Which segment is likely to grow more quickly to 2026? Is one segment inclined to have more "staying power"?
- What are some of the formulation, regulatory and educational hurdles facing makers of cannabis-infused edibles and beverages? What are some of the possible solutions on the horizon?
- Which are the noteworthy cannabis beverage brands so far and how have they been positioned to withstand the challenge of big companies expected to enter the market? What moves have the larger companies made to date to ready themselves to fully take advantage of this opportunity?
- How much is the cannabis beverage market expected to grow in the next six years? What are the growth drivers going forward? (Ditto for the legal cannabis market as a whole.)
- How has the legal and regulatory environment changed in the past several years? What is the state by state status, the likelihood of legalization at the federal level, and when?

THIS REPORT FEATURES

This report examines the very rare case of an industry that is transitioning from mostly illegal to mostly legal, which not only has societal implications but also an impact on beverage segments such as beer, wine and spirits, as well as on functionally-oriented, no-alcohol drinks. This presentation of industry research begins with a very brief overview of the (mostly illegal) global cannabis market and its uptake by region. It then discusses the main product segments of the fledgling legal cannabis market, and details legal and regulatory issues regarding marijuana and hemp in Canada and the U.S. This is followed by a brief summary of the principal cannabis growers and marketers in Canada, some of which have already made partnerships with large beverage companies.

After outlining this context, the report describes the two main segments of the U.S. cannabis beverage market – no-alcohol CBD beverages and no-alcohol THC beverages – and touches on the challenges facing a third segment – CBD-infused alcohol beverages. In this report, readers get a thorough understanding of all facets of the nascent cannabis beverage market including:

- Retail dollar sales of the cannabis market and the cannabis beverage market by segment going back to 2016.
- Discussion of the main competitors and their product lines, as well as their strategies and competitive advantages. Also discusses raw material suppliers and formulation breakthroughs. Companies and brands covered up and down the supply chain include Tilray, Sproutly, Infusion Biosciences, Canopy Growth, Aurora, Alkaline 88, New Age Beverages, Recess, Sprig, Bimble, Sweet Reason, Just Chill, Aethics, Cannabliss, Defy, Dream Catcher, Elev8, Kickback, Stillwater, Cloud Water, Daytrip, Dram, Good Day, Mad Tasty, Aprch, Vybes, Weller, Moosehead, Lagunitas Hi-Fi Hops, Ceria, Two Roots, Truss, Outbound Brewing, House of Saka, Happy Apple, Cann, Kikoko, Keef Cola, Cannabis Quencher, Dixie Elixirs and more...
- Analysis of the prospects of the cannabis and cannabis beverage markets in the next six years, with Beverage Marketing's retail dollar sales category projections to 2026.



CANNABIS BEVERAGES IN THE U.S.

**BEVERAGE
MARKETING
CORPORATION**

Cannabis Beverages in the U.S.

June 2020



RESEARCH • DATA • CONSULTING

NOTE: The information contained in this report is confidential and solely intended for the benefit of the immediate recipient hereof.

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Hemp and marijuana are both of the *Cannabis* family. Most marijuana can be classified as *sativa* or *indica*, while hemp is a member of the *Sativa* classification only. Hemp and marijuana are closely related but are not exactly the same since hemp has been selectively bred to eliminate (as much as possible) the tetrahydrocannabinol (THC) content naturally found in the *Cannabis sativa* plant. The main constituents of cannabis we are concerned with in this report are THC and cannabidiol (CBD).

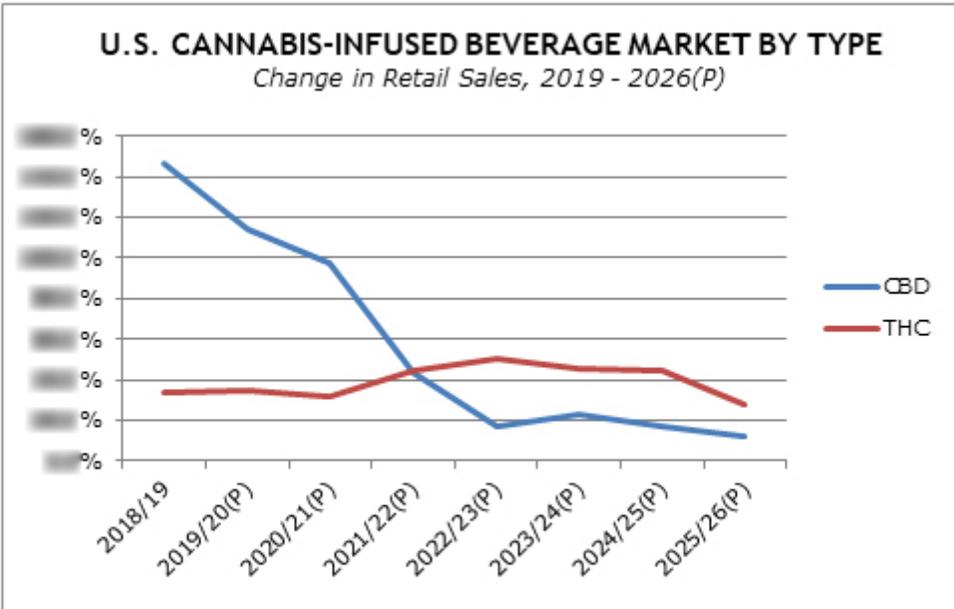
- THC is the chemical compound in marijuana that is responsible for its intoxicating effects.
- CBD is one of the more than 100 cannabinoids (diverse chemical compounds that acts on cannabinoid receptors) found in the cannabis plant. THC is also a cannabinoid, but unlike THC, CBD is non-psychoactive. CBD is purported to have anti-inflammatory and anxiolytic properties and is claimed to relieve pain and insomnia.
- The levels of CBD and THC in marijuana vary by strain, according to cannabis website Leafly. When they think of marijuana, most laypeople refer to high-THC, low-CBD strains that contain 10% to 30% THC and trace amounts of CBD. But there are also balanced strains that contain 5% to 15% of both THC and CBD and low-THC strains that contain less than 5% of THC and between 5% and 20% of CBD. Hemp contains no more than 0.3% of THC.
- To complicate matters, hemp can be divided into industrial hemp and phytocannabinoid rich (PCR) hemp. Of these, only the PCR hemp contains CBD, but many marketers still label their CBD products as deriving from “industrial hemp” since PCR hemp consists of strains of marijuana which have had the THC bred out of them.
- There is a school of thought that the symptoms said to be helped by CBD are in fact more effectively mitigated by THC instead. Two researchers at the University of Mexico found that relief from symptoms from depression, anxiety, chronic pain and seizures correlated to higher THC levels and that CBD levels had little or no effect.
- Oil extracted from hemp seeds does not contain CBD; only the oil extracted from buds of the hemp plant does. In other words, although hemp seeds long have been a staple in health food stores, DIY advocates cannot obtain CBD by pressing their own hemp seeds. This also means that hemp seeds, hemp seed protein and hemp seed oil are not limited by laws or regulations concerning CBD and THC.

Exhibit 11

**U.S. CANNABIS-INFUSED BEVERAGE MARKET
CHANGE IN RETAIL SALES BY TYPE
2017 – 2026(P)**

Year	CBD	THC	Total
2016/17	██████ %	██████ %	██████ %
2017/18	██████ %	██████ %	██████ %
2018/19	██████ %	██████ %	██████ %
2019/20(P)	██████ %	██████ %	██████ %
2020/21(P)	██████ %	██████ %	██████ %
2021/22(P)	██████ %	██████ %	██████ %
2022/23(P)	██████ %	██████ %	██████ %
2023/24(P)	██████ %	██████ %	██████ %
2024/25(P)	██████ %	██████ %	██████ %
2025/26(P)	██████ %	██████ %	██████ %

(P) Projected
Source: Beverage Marketing Corporation



(P) Projected
Source: Beverage Marketing Corporation