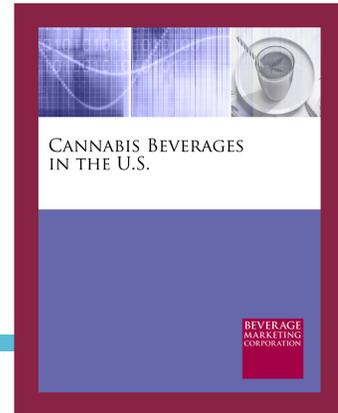


# CANNABIS BEVERAGES IN THE U.S.

2022 EDITION (Published September 2022. Data through 2021. Market projections through 2027.) More than 70 pages, with extensive text analysis, graphs, charts and tables.



**C**annabis-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. THC vs. CBD... It's all here. Impact of the coronavirus epidemic is also discussed.

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HAVE  
QUESTIONS?

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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- and THC-infused market in general and in 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 six-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, affect 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 2027? 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?

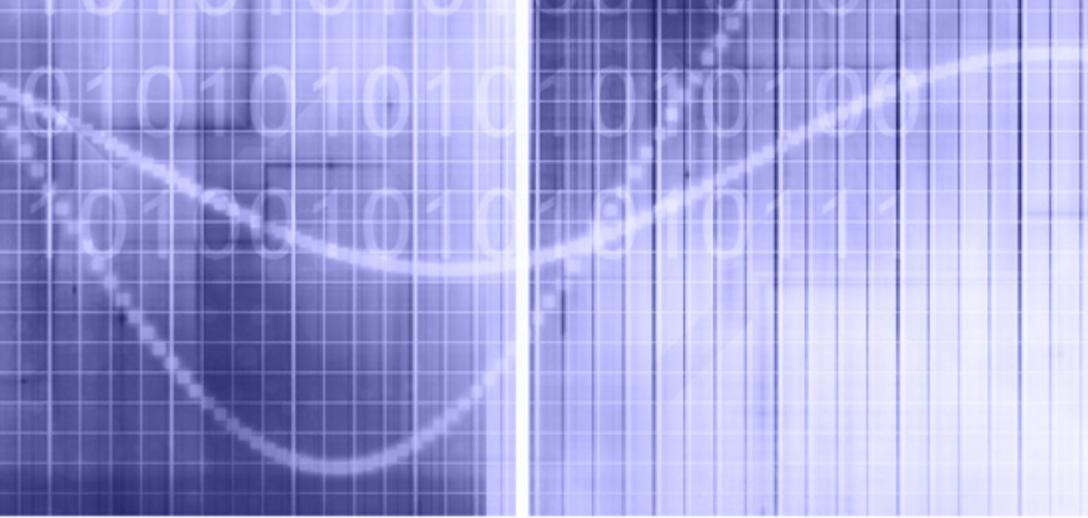
## THIS REPORT FEATURES

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 include Alkaline 88, Recess, Sprig, Bimble, Sweet Reason, Just Chill, Defy, 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 2027.



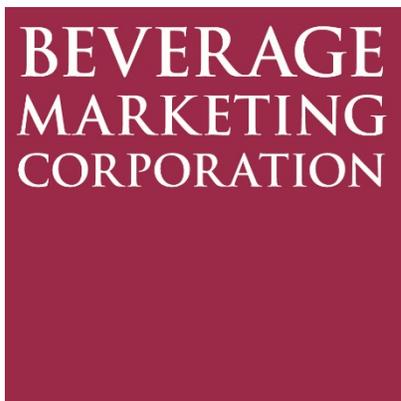
# CANNABIS BEVERAGES IN THE U.S.

**BEVERAGE  
MARKETING  
CORPORATION**

# Cannabis Beverages in the U.S.

September 2022

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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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In the United States, cannabis is still illegal on the federal level. The legality of cannabis continues to vary from state to state. (Exhibit 7)

- Cannabis is forbidden throughout much of the world. Only Canada and Uruguay have legalized cannabis for recreational (adult) use. However, there are a few green shoots: according to Canadian pot producer Tilray, 41 countries have legalized access to medical cannabis and more than 50 countries have legalized CBD products.
- In the United States, the federal government passed the Marijuana Tax Act in 1937, which seriously curtailed the use of marijuana. However, in the two decades or so before 1933, 29 states had criminalized marijuana on their own — partly due to exaggerated perceptions of it being used by crime-ridden, immigrant populations.
- Subsequent governmental actions tended towards greater prohibition of marijuana. In 1970, the U.S. Congress passed the Controlled Substances Act, which was signed into law by President Richard Nixon. Cannabis was classified as “Schedule 1”, which applied to drugs or substances with a high potential for abuse, no currently accepted medical use in treatment and a lack of accepted safety for its use under medical supervision.
- Proponents of legalized cannabis obviously argued that marijuana did not meet all three of these Schedule 1 criteria. The movement to shift policy began almost immediately. Over the next two decades or so, several states “decriminalized” marijuana, which meant possession was still a crime, but that people caught with a small amount of cannabis would receive a misdemeanor instead of a felony. (States, as well as municipalities, have continued these “decriminalization” efforts.)
- A further step towards liberalization began in the 1990s when activists focused on convincing states to allow marijuana usage in a limited number of cases. The so-called “medical marijuana” movement unsurprisingly was birthed in California. In 1996, voters in the Golden State approved Proposition 215, which legalized marijuana for medical purposes at the state level for the first time. Currently, 33 states (plus D.C., Guam and Puerto Rico) have legalized medical marijuana.
- Further ground was broken in 2012 when Colorado and Washington became the first states to legalize the adult recreational use of marijuana. Alaska and Oregon followed in 2014. Ballot measures to legalize adult recreational cannabis passed in 2016 in California, Nevada, Maine and Massachusetts. In 2018, Michigan voters passed a similar ballot measure. That year, Vermont became the first state to legalize adult recreational cannabis through its legislature (as opposed to via a ballot initiative). At the start of 2020, Illinois became the 11<sup>th</sup> state to legalize (via its state legislature) adult-use cannabis.

- In 2021, New York, Connecticut and New Jersey approved adult recreational cannabis, leaving only Rhode Island and New Hampshire as the only New England-area states without legalization on the books. South Dakota, Arizona, Montana, Virginia and New Mexico have gone the legal route relatively recently. (Rhode Island legalized weed in May 2022.)

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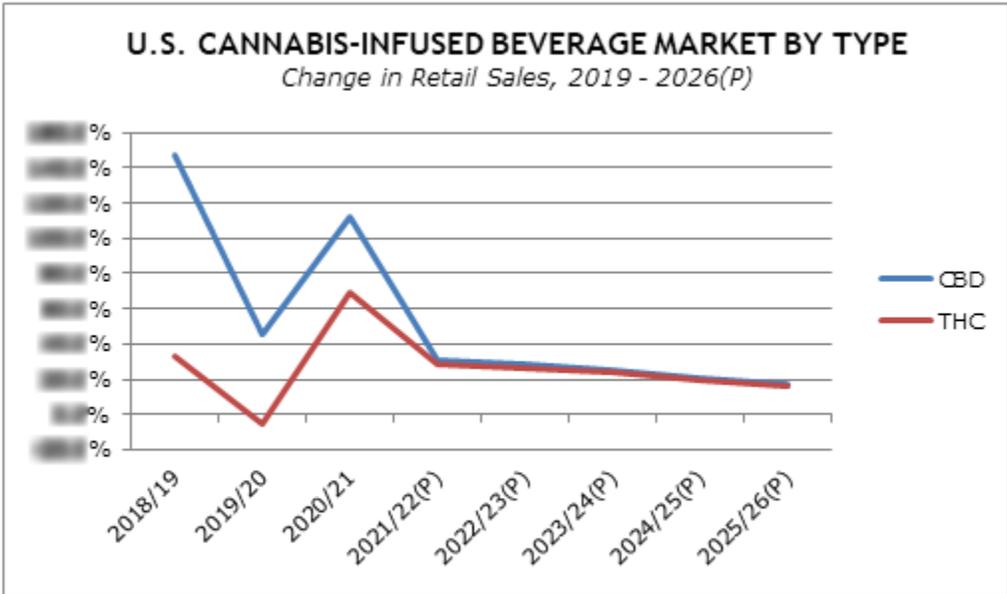
**Exhibit 11**

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

<b>Year</b>	<b>CBD</b>	<b>THC</b>	<b>Total</b>
2016/17	██████ %	██████ %	██████ %
2017/18	██████ %	██████ %	██████ %
2018/19	██████ %	██████ %	██████ %
2019/20	██████ %	██████ %	██████ %
2020/21	██████ %	██████ %	██████ %
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