"Cannabis retail is a complex hybrid of medical and recreational products (and consumers) sometimes all occurring under one roof. Matters are further complicated by varied state and local regulations and taxation, forcing each dispensary into somewhat of a niche space."

- Michele Scott, Senior Analyst

This report looks at the following areas:

- There’s room for improvement
- Supply chains vary by state
- Regulations are a buzzkill
- Consumer groups have different needs

This Report is the blueprint to what cannabis consumers or those interested in trial are looking for from a retailer to make them the cannabis destination of choice. It examines consumer shopping behaviors and preference in not only products but also services. Dispensaries developing their retail strategies and brands looking for the proper distribution channels can benefit from this Report.

The paradox here is that overarching themes, issues and opportunities exist across places and people. In the context of cannabis and retail more broadly, consumers want their shopping trip to morph into a retail experience; dispensaries accomplish this through excellent service, opportunities for education, community engagement and quality product.

DID YOU KNOW? This report is part of a series of reports, produced to provide you with a more holistic view of this market.
The Market – What You Need to Know

Cannabis is a tricky business
State supply chains are uniquely complex
Balancing recreational and medical consumers can be challenging under one roof

Opportunities
Travel and tourism
Technology with the assist
Consumers are cautiously curious
In-person interactions connect consumers

The black market is thriving

Market Overview
What you need to know
Definition

Executive Summary
Market overview
Issues
There's room for improvement
Figure 1: Attitudes about cannabis retailers, October 2019
Supply chains vary by state
Regulations are a buzzkill
Consumer groups have different needs
Figure 2: Important product attributes, by type of legality, October 2019

Opportunities
Travel and tourism
Technology with the assist
Consumers are cautiously curious
In-person interactions connect consumers

What it means

Market Size and Forecast
High(er) hopes for future sales
Figure 4: Estimated and forecast range of US retail sales of cannabis, at current prices, 2018-23

Market Breakdown
California and Oregon lead in dispensaries
Figure 5: Number of retail licenses by state
Overlap between wellness and recreational use is strong
Figure 6: Self-assessment of cannabis use in recreationally legal states, October 2019
Recreational cannabis users are primarily (very loyal) young men
Demographics differ among users in medical-only states
Social media provides a direct line to consumers
Some social sites block cannabis content
Limited retail channels requires attention to details
Figure 7: Factors that drive channel choice, February 2019
Figure 8: Factors that drive channel choice, February 2019
As it turns out, cash is not king
Figure 9: Top 3 Payment methods, ranked, July 2019

Market Factors
Licensing gets complicated
Taxation breeds sticker shock and confusion
Lack of regulations make labels hard to trust
Dispensary etiquette is a social and legal matter
All-cash operations vulnerable to theft
Not all states are equal for cannabis cultivation
Supply issues vary by state
Medical patients come first
Compulsory vs mandatory vertical integration
Budtender jobs are not average retail jobs
Fewer taxes may attract medical patients

Brand Landscape
Trend drivers – what motivates consumer behavior?

Cutting-edge Retailers
Design piques interest through stimulating surroundings
Physical, mental, social and spiritual health support consumer wellbeing
Canna-experiences enhance traditional tourism
Loyalty programs add value while honing consumer identity
Convenience adds value to product purchases
On-premise experiences ushers in a new era of recreational consumers
Social justice and community involvement marry consumers rights and surroundings
Happy hour value gives adult beverage a run for its money
Technology offers retailers a map through the weeds
Technology taps into consumer identity
Help with financing/services

The Consumer – What You Need to Know
Cannabis consumers are not a homogenous group
Transparency meets broad consumer needs
Consumers will pay to play
Don’t underestimate analog social networks
Find the silver lining to rules, regulations

**Discovery of Cannabis**

Internet narrowly beats out IRL options
  - Figure 10: Sources of information about cannabis, October 2019

Trusted sources differ for men, women
  - Figure 11: Sources of information about cannabis, by gender, October 2019

Higher income consumers seek shopping experience
  - Figure 12: Sources of information about cannabis, by income, October 2019

Information sourcing hints at shift in broader mindsets
  - Figure 13: Sources of information about cannabis, by generation, October 2019

Varied information empowers consumers
  - Figure 14: Sources of information about cannabis, by type of legalization, October 2019

**Product Attributes**

THC content narrowly outweighs price
  - Figure 15: Important product attributes, October 2019

Female consumers get specific when choosing cannabis products
  - Figure 16: Important product attributes, by gender, October 2019

Gen X looks at the big picture experience
  - Figure 17: Important product attributes, by generation, October 2019

High expectations from consumers willing to pay more
  - Figure 18: Important product attributes, by income, October 2019

Brand isn't impactful to recreational or medical users
  - Figure 19: Important product attributes, by type of legality, October 2019

**Preferred Purchase Location**

Dedicated dispensaries draw consumers
  - Figure 20: Preferred location for cannabis purchases, October 2019

Convenience appeals more to men
  - Figure 21: Preferred location for cannabis purchases, by Gender, October 2019

Legal status impacts purchase location preference
  - Figure 22: Preferred location for cannabis purchases, by type of legalization, October 2019

Access and occasions linked
  - Figure 23: Preferred location for cannabis purchases, by purchase frequency, October 2019

**Purchase Habits – Frequency of Purchase**

Occasions are occasional
  - Figure 24: Purchase Frequency, October 2019

Men show more diverse purchase frequency patterns
  - Figure 25: Purchase frequency, by gender, October 2019

Affluence marks clear trend in frequency
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Cannabis consumers are single-source shoppers
Figure 27: Number of Purchase Sources, October 2019
Figure 28: Number of purchase sources by Age, October 2019

Men and women find common ground in sourcing
Figure 29: Number of Purchase Sources by Gender

Shopping around appeals in minimal circumstances
Figure 30: Number of purchase sources by income

Planned vs Unplanned Occasions

Consumers are split on pre-planning
Figure 31: Shopping occasion planning, October 2019

Life stage may require more planning
Figure 32: Shopping Occasion Planning by Age, October 2019

Parenting demands planning
Figure 33: Shopping occasion planning by parental status, October 2019

Female consumers break shopping stereotypes
Figure 34: Shopping occasion planning by gender, October 2019

Medical states (and medical need) make shopping more serious
Figure 35: Shopping Occasion Planning by Type of Legalization

Frequency demands planning
Figure 36: Cannabis shopping planning by frequency of shopping, October 2019

Important Retailer Features

Education demands personal touch
Figure 37: Important cannabis dispensary features, October 2019

Women seek services
Figure 38: Important cannabis dispensary features, by gender, October 2019

Age brings more specific demands
Figure 39: Important cannabis dispensary features, October 2019

Income informs desired experience
Figure 40: Important cannabis dispensary features, by income, October 2019

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Differentiation is in the details
Figure 41: Self-assessed cannabis knowledge, October 2019

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Figure 42: Knowledge about cannabis, by gender, October 2019

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Figure 43: Knowledge about cannabis, by generation
Affluence and understanding at odds
Figure 44: Knowledge about cannabis, by income, October 2019

Necessity is the mother of knowledge
Figure 45: Knowledge about cannabis, by type of legalization, October 2019

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Room for improvement means ample opportunities
Figure 46: Attitudes and behavior related to cannabis retailers, October 2019

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Figure 47: Attitudes and behavior related to cannabis retailers, by age, October 2019

Women set the bar higher for dispensaries
Figure 48: Attitudes and behavior related to cannabis retailers, by gender, October 2019

Appendix – Data Sources and Abbreviations
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Consumer survey data
Abbreviations and terms
Abbreviations