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CANNABIS USERS RESEARCH EVALUATION STUDY

Market Overview of the Medical Cannabis Market

There is an abundant amount of research on the ever-changing landscape of the cannabis industry. Most studies cover state regulations, post-election outlook and predictions, sales forecasts, pricing changes or top medical marijuana stocks — and yet, very little research profiles the medical cannabis user on a personal level. To provide a profile of medical and recreational cannabis users, **Beta Research Corporation** introduces the Cannabis Users Research Evaluation (CURE) Study.

The entire North American cannabis industry generated an estimated \$7.1 billion in 2016, and is projected to grow to \$21.8 billion by 2020¹.

National projections for medical marijuana retail sales are staged for significant growth in the next few years with more states being approved, and many new start-up retail businesses emerging. Retail sales projections for the next few years in states like California, Florida, Colorado, Michigan, Arizona and Oregon promise a windfall by 2020 with at least several states in the multi-billion dollar range.

This is rather impressive, considering the cost of medical cannabis has dropped over the past few years, and this trend is likely to continue in the coming years. This will be a welcome windfall to patients; however, it will likely weigh heavily upon retail facilities and dispensaries that are facing a highly competitive market. Over 1.2 million people already use medical cannabis for a wide variety of medical issues. Nine in ten Americans support the legalization of marijuana for medical purposes if prescribed by a doctor.²

Wholesale and retail sales volumes for medical marijuana will continue to flourish in states where usage is already legalized, and the continuing increase of legalization across the country will fuel exponential growth in this rapidly expanding industry. However, it is important to recognize and understand the challenges the industry still faces due to changing dynamics that include the federal government's current stance on the industry, the growing number of U.S. states legalizing cannabis use, and consumers' perceptions and acceptance of cannabis in general.

The Cannabis Users Research Evaluation (CURE) Study

The Cannabis Users Research Evaluation (CURE) Study, an online study fielded in the Summer of 2016, provides a comprehensive view of the cannabis consumer in three segments based on state legality – Legal States: Medical and Recreational Usage (5 states; base: 230), Medical Only Usage (24 states; base: 201), and Yet To Be Legalized (23 states; base: 201) for a total of 632 respondents. The online sample was provided by Lightspeed GMI.

While the study covers both recreational and medical use, for the purposes of this paper we will be focusing on the medical cannabis consumer — the health conditions they suffer from, how they treat these conditions and if they use cannabis to alleviate symptoms associated with their health conditions. For many, cannabis has quickly become an integral part of their daily medicating regimen supplementing their traditional treatment options.

Besides covering detailed information on cannabis usage from a healthcare perspective, the CURE study also provides unique insight into the personal lives of these consumers that can aid in understanding their motivations, and ultimately provide a guide to better marketing practices for sellers and distributors. The CURE Study also explores cannabis strain preference, frequency of use and spending data, the accessory market, leisure and social activities, industry-related media preferences and general demographics.

Medical Cannabis Consumers Use

The CURE study finds that three out of five of all respondents currently use cannabis for medicinal purposes. The majority of these consumers use medical cannabis at least two to three times a week or more often, while one-third use it more frequently — varying significantly by health condition.

The Yet to Be Legalized states are the segment with the largest growth potential. In these states, 16% are now using cannabis for medicinal purposes, and more than half would be very/somewhat likely to do so if and when it became legalized. If required, over half would follow their states' guidelines and apply for a medical cannabis card.

Medicinal Cannabis Use - Health Conditions Suffer From

At the time of the study, state legislators authorized about 25 different serious health conditions valid for cannabis treatment among qualified patients. Among study respondents, the top six health conditions were: depression, arthritis, chronic pain, headaches, muscle spasms and nausea. The table below illustrates the role cannabis plays among patients suffering from these serious health issues. While the clear majority is actively treating with either prescription or over-the-counter medications, they are just as likely or more than likely to rely on cannabis, especially those suffering from chronic pain or conditions that manifest pain. In many cases, medical cannabis and Rx/OTC drugs are used concurrently to treat these health conditions. For example, of those who suffer with arthritis, seven out of ten treat with both Rx/OTC drugs *and* medical cannabis. (Not shown in chart.)

Health Conditions	Diagnosed With	Medicate with RX/OTC Drugs	Use Cannabis to Relieve Symptoms
Depression	29%	70%	79%
Arthritis	26%	83%	79%
Chronic pain (incl. nerve pain)	24%	65%	90%
Headaches (tension/migraine)	18%	82%	84%
Muscle spasms	13%	76%	86%
Nausea	13%	73%	76%

Purchasing Habits - Medical Cannabis

Over three out of five medical users purchase cannabis at state licensed dispensaries (retail stores), however caregivers, compassion centers and the gray market are also purchase options for one out of four buyers. Medical users who actually purchase their cannabis spend an average of \$181 per month, and nearly nine out of ten say they are spending the same or more than they did last year.

Favorites: Strains/Varieties

Overall, respondents seem most aware of the Sativa strain of cannabis, although there is no strong usage preference — Indica, Sativa and Hybrid consumption is fairly equal. Among those with a preference for how cannabis is grown and prepared, respondents prefer organic over non-organic, outdoor over hydroponic, and Kosher over non-Kosher. Entrepreneurs in this industry looking to gain a competitive edge would do well to explore vertical markets such as organic and Kosher to learn more about their appeal, and how they might integrate these types of products into their marketing plans.

Favorites: Methods of Use/Accessories

Medical users' favorite method of consuming cannabis is smoking (paper or pipe), followed by edibles and vaporizing. Their accessory ownership supports their method preference; smoking paper, pipes, bowls, grinders, water pipes and vaporizers are readily available. Accessory spending averaged \$258 in the past year. Medical users prefer these methods because they are easy to use and highly effective.

A Connected Lifestyle

Medical cannabis consumers lead a healthy, robust and very socially-oriented lifestyle. They are busy entertaining friends and relatives, dining out at fine restaurants, enjoying wine, beer or cocktails with friends and colleagues, engaging in social media and downloading free "apps". Their cultural life includes events like museum visits, and attending dance and concert performances.

They're into fine jewelry and watches, bottled and cellared vintage wines, and motorcycles. Typical of savvy tech users, they own smart phones, tablets, smart watches, a desk PC or an Apple TV.

In their pursuit of a quality lifestyle, medical cannabis users are proactive in their health treatment options, researching on their own and consulting with their physician. Alternative and holistic approaches to health issues appeal to them. They are influential with their peer set and share their knowledge and findings. They keep abreast of news and developments through various industry-related publications and websites (High Times, Cannabis Culture, Wikipedia.com). Personally, medical cannabis users see themselves as caring, creative and responsible.

What Makes Medical Cannabis Users Unique?

A look at these key points of comparison between medical cannabis and recreational cannabis users reveals the strength of this budding medical cannabis market in the amount spent on cannabis and accessories, and the upscale demographic of these users. Medical cannabis users more than double their spending on cannabis and quadruple their spending on accessories each year vs. recreational cannabis users.

Key Points of Comparison	Exclusive Medical Users in Legal States	Exclusive Recreational Users in Legal States
Spend on Cannabis per Month	\$173	\$73
Spend on Cannabis Accessories per Year	\$252	\$63
Graduated College or More	68%	52%
Employed	75%	68%
Own Their Residence	73%	58%
Household Income	\$154,144	\$110,987

Note: There may be those who consume cannabis and derive both medical and recreational benefits, however our reference to exclusive users in this section is meant to profile the differences between medical and recreational users.

Demographics of Medical Cannabis Consumers in CURE Study

Medical cannabis consumers' age hovers around 40 years old, and there is a 60/40 split between males and females. Three-quarters of medical users are employed and nearly half have top or middle management job positions.

Nearly eight out of ten own their residence, and about seven out of ten are married. Their average household income is \$157,044. Respondents reside in states that mirror state legalization.

CURE Study Confirms the Strength of the Medical Cannabis Market

Based on the wealth of research and articles on this industry, the growth of the medical cannabis market is unquestionable and unstoppable. Data from the CURE Study offers marketers a sizeable base of respondents in three discrete state-based segments, and introduces the medical cannabis user at a highly individual level.

Medical cannabis consumption is frequent, and spending on the product itself, as well as accessories, is significant among users. For many, it is considered the go-to solution for the relief of symptoms to myriad health conditions.

These users are also connoisseurs of the product with a strong preference for healthy varieties including organic and Kosher, and spending habits that support their propensity for high-end and specialty products. These niche markets offer considerable growth potential for companies searching for creative ways to distinguish their brand and increase the variety of products available.

This glimpse into the first CURE Study identifies a unique, well-educated and upscale medical cannabis user. They lead enthusiastic and energetic lifestyles, and are culturally, socially and technologically in-the-know. Perceptions about this industry are rapidly changing. Marketers who utilize the most current information on the state of the cannabis industry will be best suited to assist their clients with their strategic decisions and investments.

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Footnotes:

¹ Executive Summary: The State of Legal Marijuana Markets: 4th Edition (Arcview Market Research and New Frontier) <https://www.arcviewmarketresearch.com/>

² Medical Marijuana Inc., [medicalmarijuanainc.com](http://www.medicalmarijuanainc.com), <http://www.medicalmarijuanainc.com>