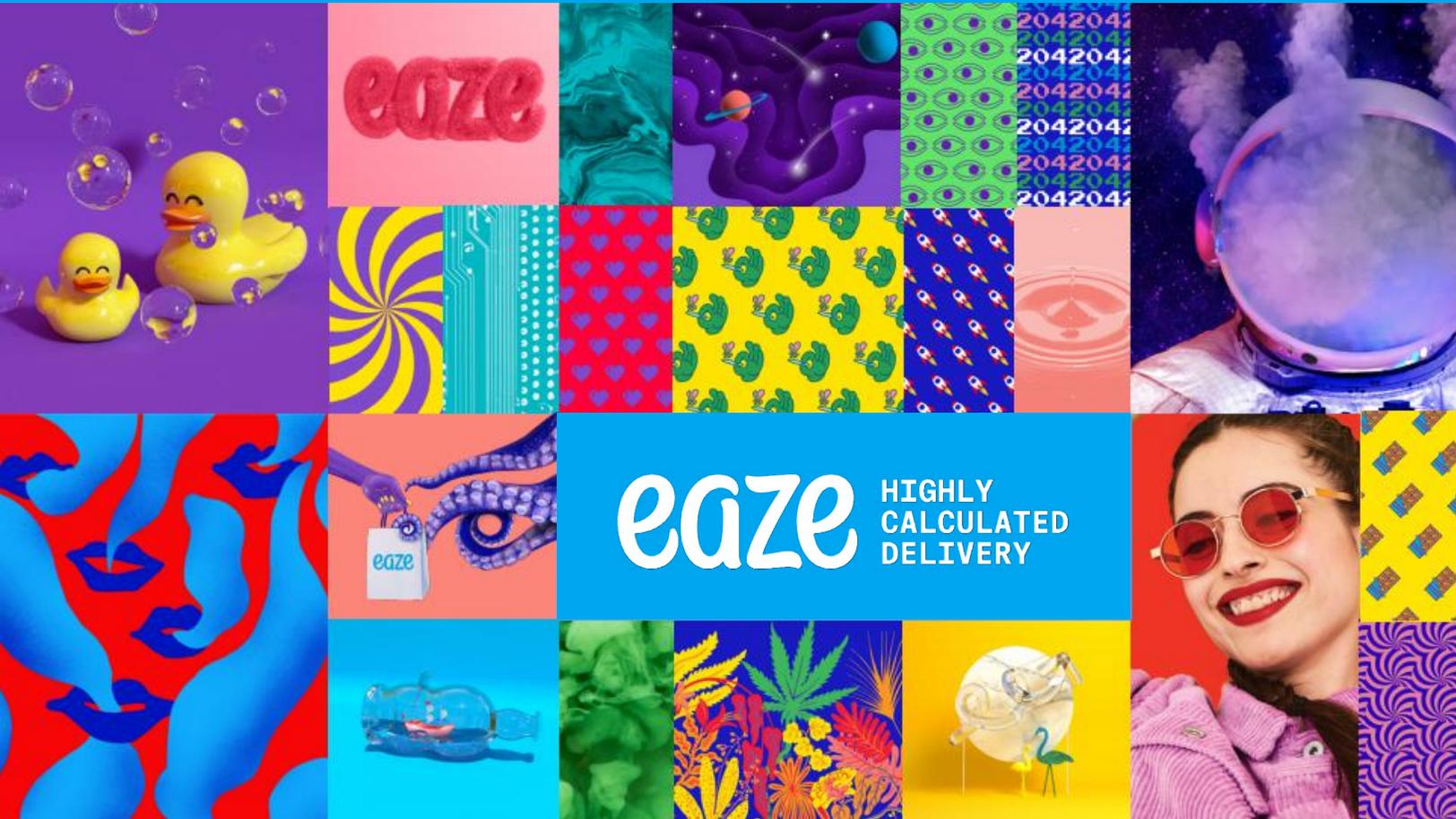


eaze Insights

State of Cannabis 2020



eaze HIGHLY CALCULATED DELIVERY

How Cannabis Consumers Responded to Crisis



And What It Can Teach New Markets

In 2020, cannabis consumers and the industry navigated the same tectonic changes facing all of America and the world: Covid-19 infections and the challenges of quarantine, massive demonstrations for racial justice, and a tense but watershed U.S. election that ushered in legalization in four more states. How did cannabis consumers respond to this year of crisis? Eaze, as California's largest legal cannabis marketplace (with 6.5+ million legal deliveries under our belt), can offer unique insights into how 2020 impacted consumption, uncovering patterns that can be generalized to markets nationally and globally.

For context: With ~28 million residents age 21+ California is the largest legal cannabis market in the world. It is:

- More than 2x the combined size of the four states (AZ, NJ, MT, ND = ~13M) that legalized in 2020
- 4.2 million larger than tristate NJ, NY and CT markets combined (~25M)
- More than 4x size of NJ market (~6M)
- Nearly 2x the size of NY market (~15M)
- Los Angeles' population alone age 21+ (~7M) is 1 million bigger than the NJ market (~6M) and 2 million bigger than the AZ market (~5M)

Eaze's 2020 State of Cannabis report aggregates our proprietary data to illustrate the behavior of the over 400 thousand customers who purchased via the Eaze platform in 2020. It holds important lessons for all cannabis regulators, businesses, and entrepreneurs about the road ahead.

Executive Summary



- Covid-driven consumer demand drove massive spikes in the number of new deliveries and order size. Stay-At-Home requirements and cannabis delivery's designation as an essential service dramatically shifted the narrative about weed, moving it beyond the definition of a wellness tool into the category of an essential product.
- 2020 saw a greater demand for social equity products, underscoring increased consumer awareness – especially among customers over age 30 – about the importance of BIPOC-owned brands.
- Edibles had a huge year, becoming the most popular product category across all major markets and age groups, except Gen Z. Cannabis-infused drinks gained an enormous market share as people stayed home from bars and Zoomed into happy hours.
- Consumers used more cannabis over a holiday season where many celebrated Christmas, Kwanzaa and Hanukkah without their families.
- Cannabis consumers increasingly relied on weed to increase their sexual satisfaction in quarantine.
- Cannabis legalization made unprecedented gains in the 2020 election. Consumer anxiety, meanwhile, fueled a demand uptick as votes were tallied.

Ten Key Findings

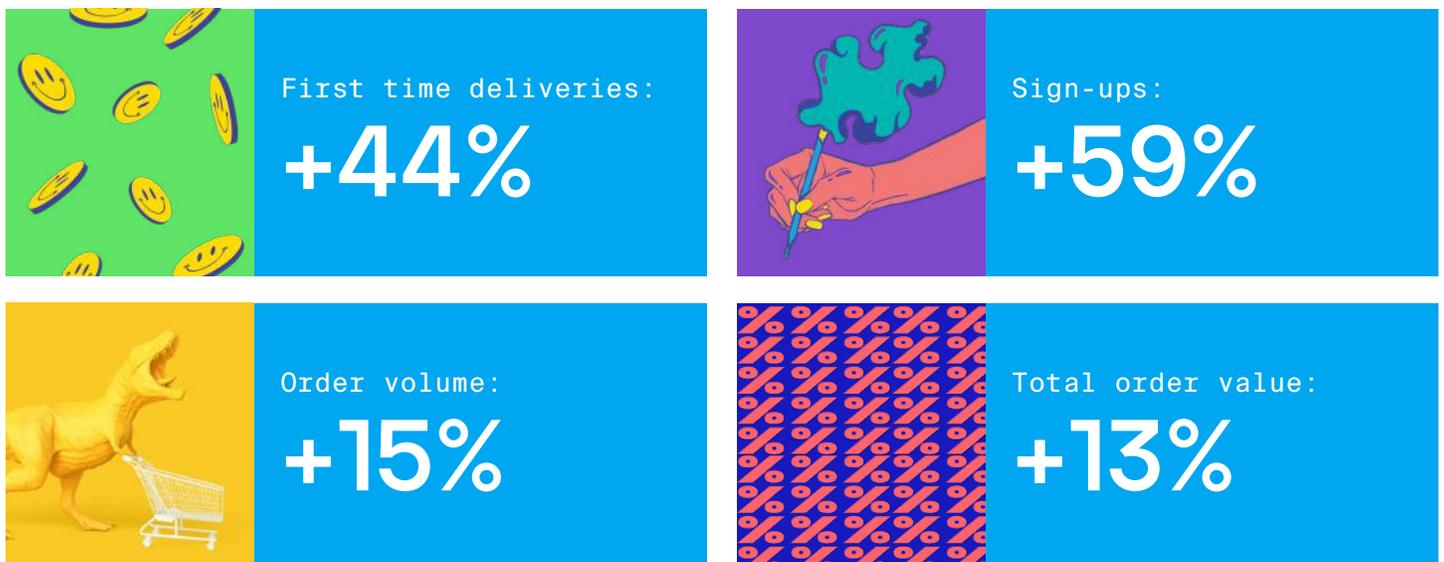


1. Consumers Relied on Cannabis Delivery During Lockdown

Consumers underscored the importance of cannabis and home delivery access following March 13, when the White House declared a national state of emergency in response to Covid. The State of California and local governments, recognizing the role of cannabis in constituent well-being, wisely designated cannabis delivery as an essential service. This ensured that consumer demand could be met safely at the doorstep, rather than forcing customers into brick and mortar shops.

In the 30 days after March 13, new Eaze customer sign-ups jumped by nearly **60%**, first time deliveries increased by **44%**, and the average size and value of every order rose by **15%** and **13%** respectively. March and April 2020 were the year's highest months for new deliveries and, overall in 2020, new customer sign-ups increased by **71%**, and average order volume and value rose by **15%** and **20%**, respectively.

Covid + cannabis



2. Edibles Shot to #1

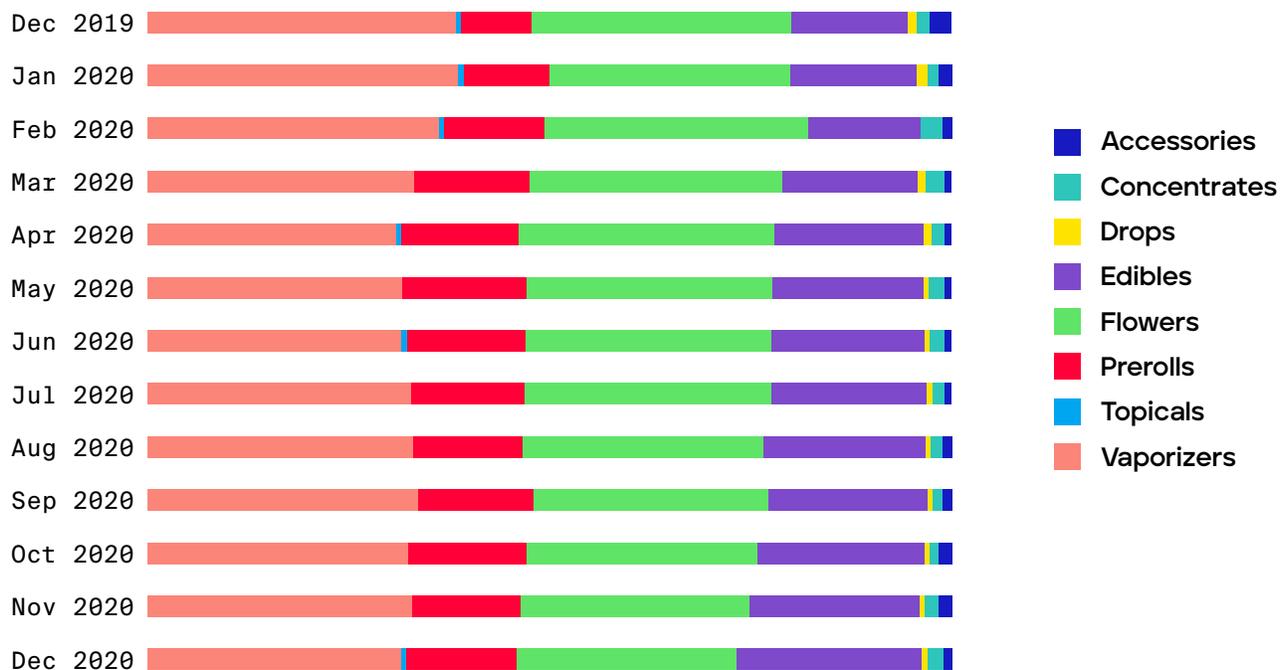
In 2020, edibles rose significantly in popularity, especially among new customers. This trend reflects the public health focus on Covid’s respiratory impacts, and a much larger selection of edible products available on the current market.

New customers’ top picks



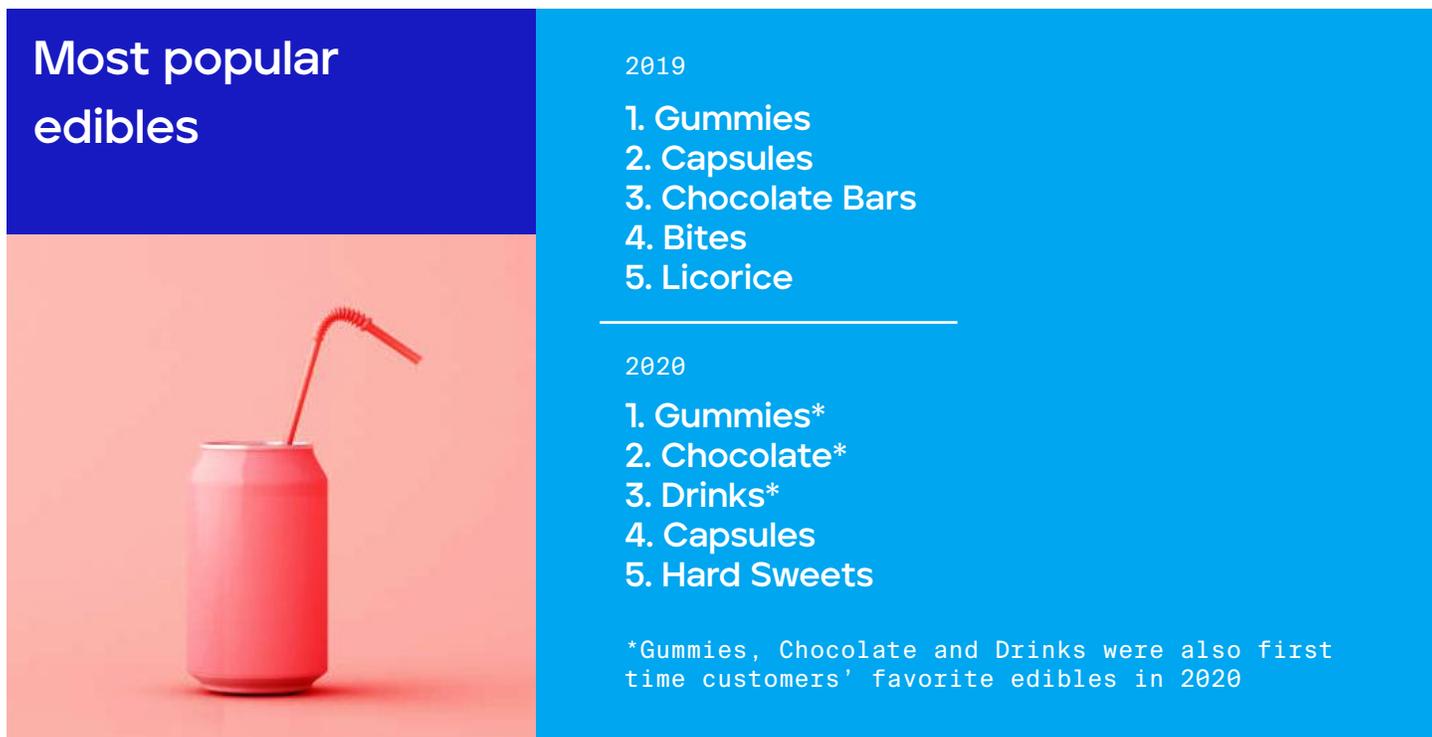
Overall, by the end of 2020, edibles accounted for **22%** of all sales and were the most popular product in San Francisco, Los Angeles, Oakland, and San Diego. Among first time customers, edibles’ popularity jumped from **14%** to **19%** between February and April.

Product Sales Trends



3. Drinks Zoomed Higher in 2020

Within the edibles category, drinks made a major splash, reflecting more choices in this category and the shift to online socializing in lieu of trips to restaurants and bars. While cannabis drinks aren't available at these venues, they can be delivered to and enjoyed at home, making them a popular alternative to alcohol for Zoom happy hours.



4. Winter Holidays Were Lit

Cannabis made big holiday moves in 2020. While Green Wednesday (the day before Thanksgiving) and 4/20 held onto their #1 and #2 positions respectively, cannabis played a much bigger role during Hanukkah, the days leading up to Christmas, and New Year's Eve. This trend is likely a reflection of the fact that due to quarantine and travel restrictions, many Californians celebrated the holidays solo or over Zoom, hunkering down and ordering in.



5. Cannabis Kept Closing the Gender Gap...

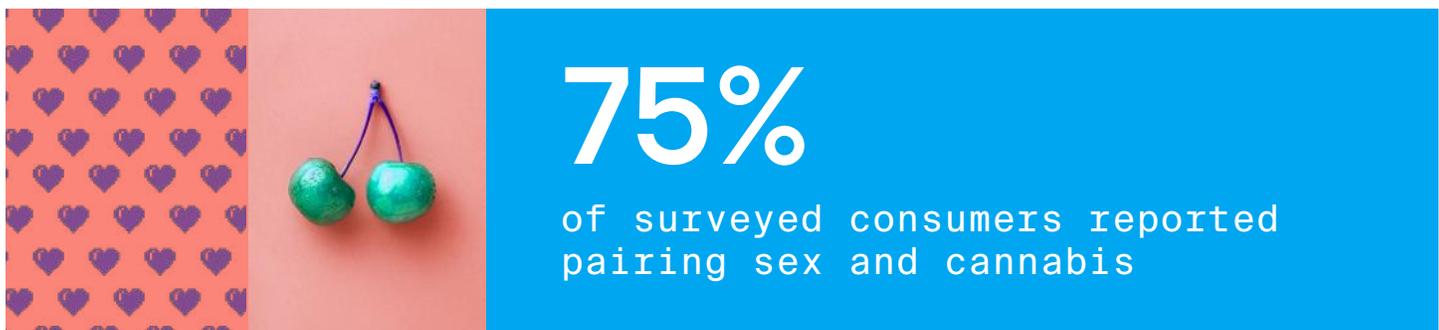
For years, men have dominated cannabis sales, but that is slowly changing. Although not every consumer identifies in these binary categories, the number of new female consumers continued to increase in 2020, edging ever closer to bridging the divide with male consumers. Since California's adult-use market debuted in 2018, the number of new female customers on the Eaze platform has increased by **10%**.

New customers by gender		2018	2019	2020
 Women		38%	46%	48%
 Men		62%	54%	52%

...And made its way into more bedrooms

Cannabis was important to people's sex lives last year. In partnership with Playboy, Eaze conducted a national survey of cannabis consumers, and found that during initial shelter-in-place months:

- **75%** of surveyed consumers reported pairing sex and cannabis;
- Daily cannabis consumption increased by **3%** while daily alcohol consumption decreased by **16%**
- **22%** of cannabis consumers reported being "extremely satisfied" with solo sessions (up from 18.7% pre-Covid) and **35%** were "extremely satisfied" with partnered sex (up from **33.2%** pre-Covid).



6. Gen Z Stood By Their Vapes

In 2020, edibles, flowers, and vapes were the top three products across all age groups. Edibles rose to first place for Boomers, Gen X, and Millennials, whereas Gen Z preferred vapes. Prerolls consistently came in at #4 across all generations. Topicals and concentrates also had a bigger moment. More Boomers, Gen X, and Millennials bought concentrates than in 2019, reflecting more practical experience with higher dosing three years into legalization, and topicals became more popular in all age groups except Gen X.

Age: nothing but a number



New customers, by age group:

- #1: Millennial
- #2: Gen X
- **#3: Gen Z** — Biggest increase in new customers, by generation
- #4: Baby Boomer

7. Conscious Consumerism Elevated Equity Brands

America was forced to confront the realities of racism in the wake of George Floyd's murder in May 2020 and national Black Lives Matter protests over the summer. Today's cannabis industry is wholly indebted to decades of work and activism by Black and Brown communities; consumers reflected this truth in 2020 by increasingly choosing social equity (SE) brands – products created by licensees from communities negatively or disproportionately impacted by cannabis criminalization.

In 2020:

- **9.5% of all customers bought SE brands, accounting for \$2.6 million in sales.**

- **Customers over 30 were more likely to buy SE brands than younger buyers.**

* Consumers aged 31-40 bought a higher share of SE products than products overall (**36% SE v. 33% all**); the same was true for consumers aged 41-50 (**12% SE v. 10% all**). Conversely, customers aged 21 - 30 purchased a lower ratio of SE brands (**43% SE v. 50% all**).

- **Men were more likely to buy SE brands than women.**

* Men bought a higher share of SE products than Eaze products overall (**62% SE v. 60% all**) than women (**38% SE v. 40% all**).

The growing and vocal consumer demand for SE products underscores the importance of regulators prioritizing meaningful social equity licensing across the supply chain. It also highlights the value of private-sector programs, like [Eaze's Momentum business accelerator](#) and our [Social Equity menu](#), in ensuring consumer access to these brands.

	All Eaze products:	SE products:
Ages 21-30	50%	43%
Ages 31-40	33%	36%
Ages 41-50	10%	12%

8. Cannabis Was a Unifying Political Issue

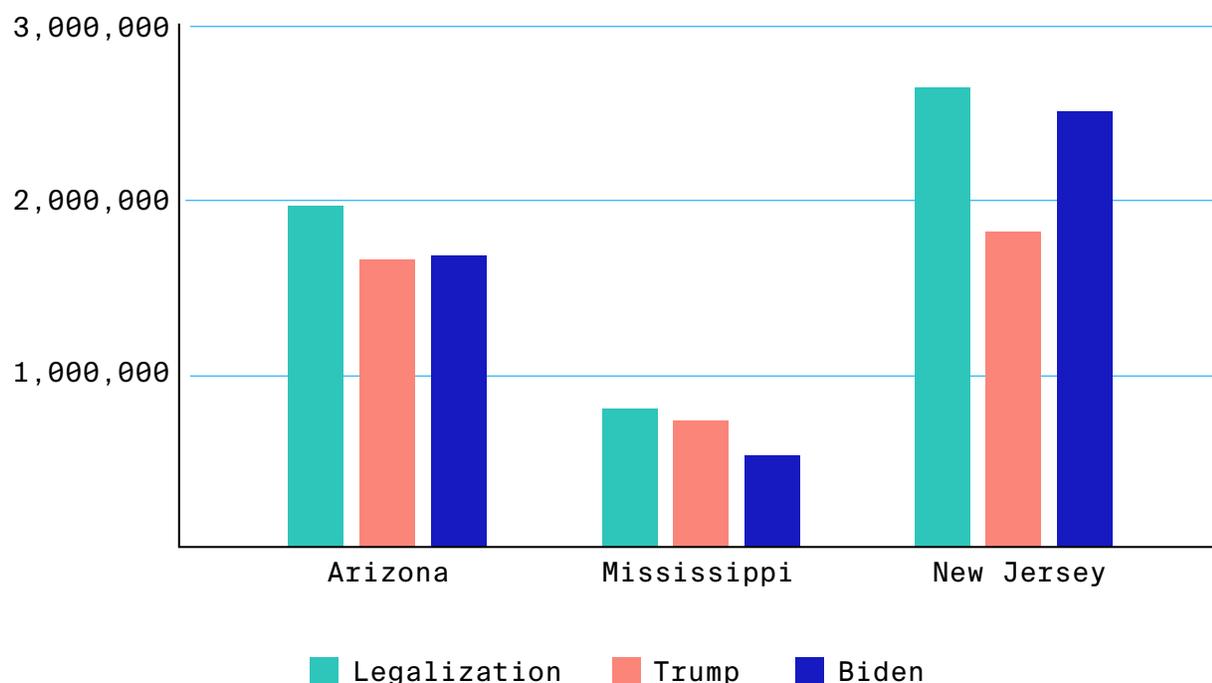
Cannabis was the clear winner of the 2020 election, with voters approving every national ballot measure to legalize or decriminalize. With voters in Arizona, New Jersey, Montana, and South Dakota legalizing adult-use, cannabis unified voters across Red and Blue states. In three states, weed got more votes than either presidential candidate.

Today one in three Americans lives in a state where weed is legal. At the state level, longtime prohibitionist policies will be replaced with legal consumption regulations; nationally, a party shift in the White House and Congress has set the stage for federal legalization.

Hopes and fears ran high on Election Night, driving an uptick in consumption. On 11/3, compared to all prior Tuesdays in 2020:

- Consumers ordered **12%** more product.
- There was a **17%** increase in deliveries statewide and an **18%** increase in Los Angeles.
- The highest percentage of orders overall was between 2 p.m. and 6 p.m. PT, as Californians prepared to watch East Coast election returns and media broadcasts entered prime time.

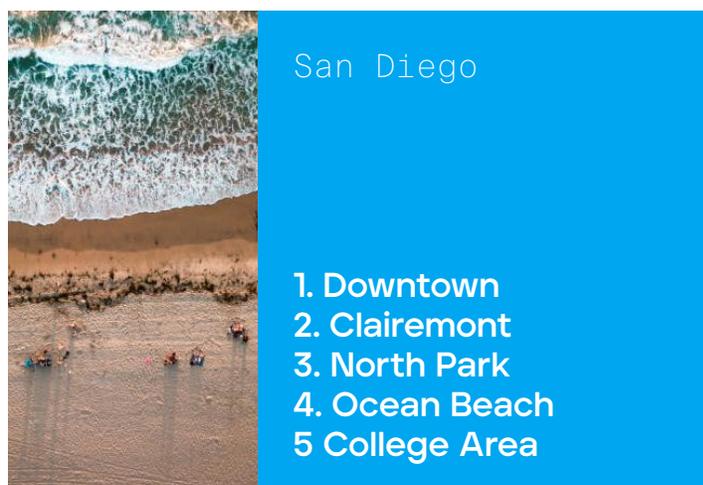
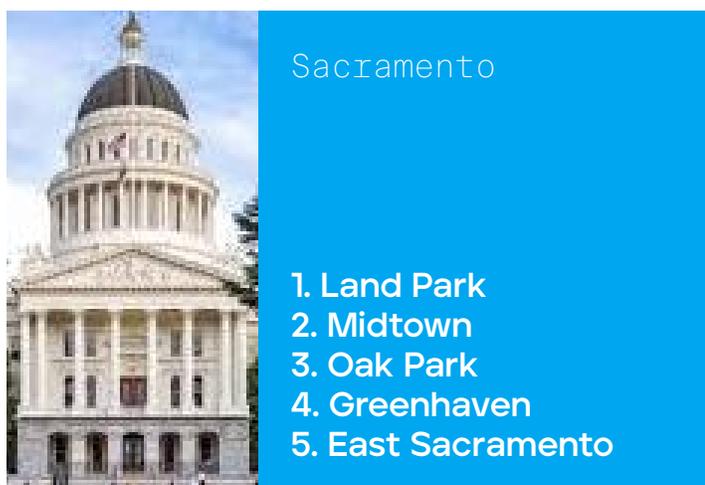
And the winner is...



9. Timing + Location = Everything



What were the most popular neighborhoods in California's biggest markets? Demand was highest in neighborhoods that might surprise the locals. And, while the majority of consumers are urban dwellers, deliveries to the suburbs now account for a full **20%** of sales.



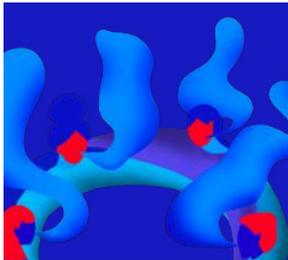
10. Lil' Wayne and Mexit Mattered

While the biggest sales days of 2020 were tied to crisis, other dates stood out as big sellers. Here's a selection of top-selling days, and our thoughts on why.



- **October 29: Lil' Wayne Meets Donald Trump**

- * The President Meets the President, a collaboration we didn't see coming. Because he used to smoke to get high now he smokes to get vibes.
- * #6 biggest day by order value



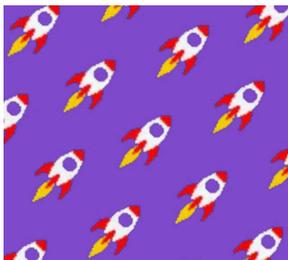
- **September 17: National Constitution Day**

- * Marking the last day of the 1787 Constitutional Convention in Philadelphia, September 17 is "National Constitution Day." Because, the pursuit of happiness.
- * #7 biggest day of 2020 by order value



- **January 10: Houseplant Appreciation Day**

- * As flora replaced friends and family in 2020, "plant parent" joined the national vernacular. Because cannabis is the ultimate houseplant.
- * #12 biggest day of 2020 by order value



- **June 18: Cyberpunk 2077 Release Delayed**

- * The release of Cyberpunk 2077, the most anticipated video game ever, is pushed out to November 19. Because devs needed more time to make characters drop trou.
- * #14 biggest day of 2020 by order value



- **March 3: Pete Buttigeg Quits Presidential Race**

- * Just three weeks after Andrew Yang drops out, Mayor Pete also ends his White House bid. Because we all know these two still get high.
- * #19 biggest day by order volume



- **January 9: Mexit Fallout**

- * The day after Prince Harry and native Angeleno Megan Markle broke away from the U.K. royal family. Because Californians will always do their own thing.
- * #20 biggest day of 2020 by order value