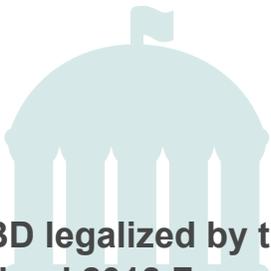


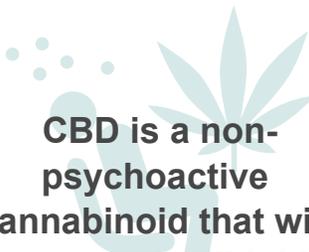
The CBD Effect: A Rapidly Emerging Consumer Trend

A report on current consumer usage and perceptions
plus recommendations for the CPG industry

Cannabidiol (CBD) is a cannabinoid, an active compound unique to the cannabis plant. Many consumers are turning to it for help with various health ailments and their well-being. Some are even purchasing for their pets.



CBD legalized by the
federal 2018 Farm Bill



CBD is a non-
psychoactive
cannabinoid that will
not get you 'high'



CBD is not
FDA approved



\$20B

in consumer sales expected
by 2024

28%

of consumers currently
use CBD products daily or as-needed

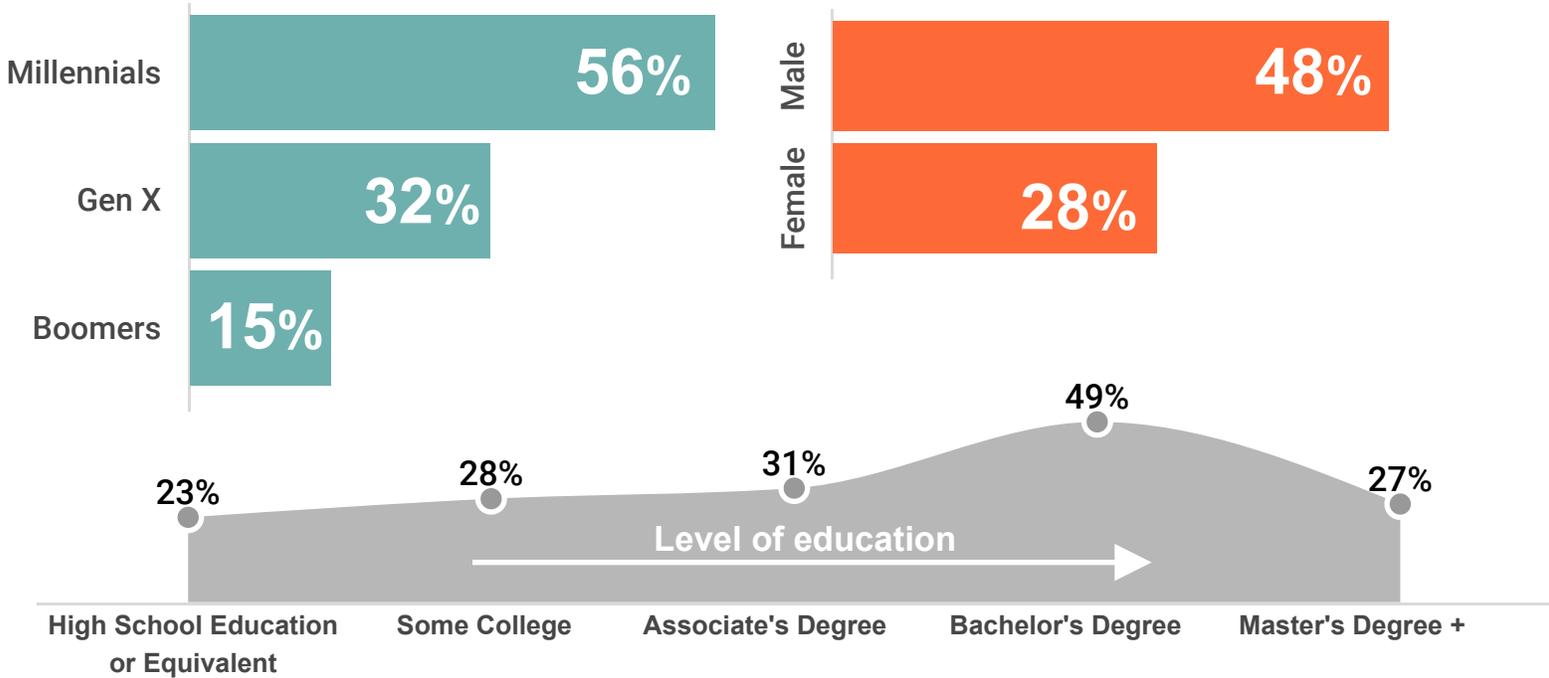


19% as-needed
9% use daily



Millennials, males and those with 4-year degrees are key CBD demographics

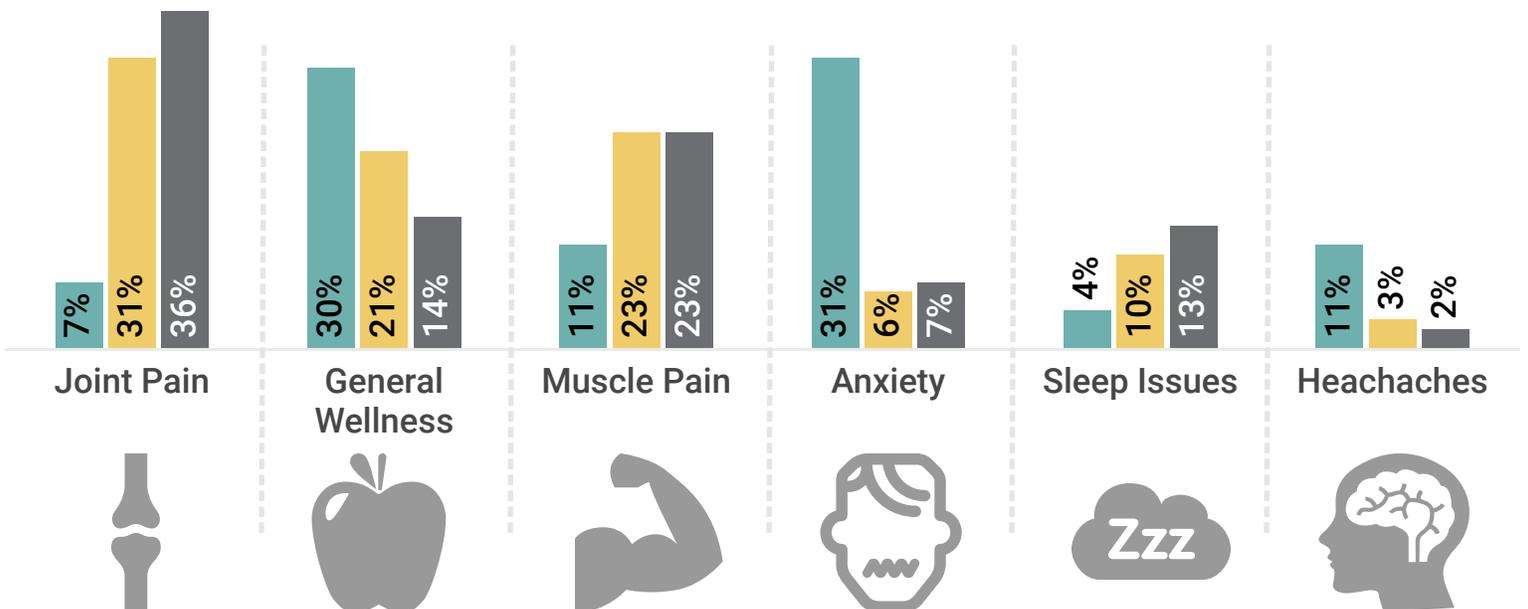
% of respondents using CBD products within each demographic - daily or as-needed



Pain, mental health and general wellness are key reasons for usage

% of respondents that state specified health ailment as their top reason for using CBD products

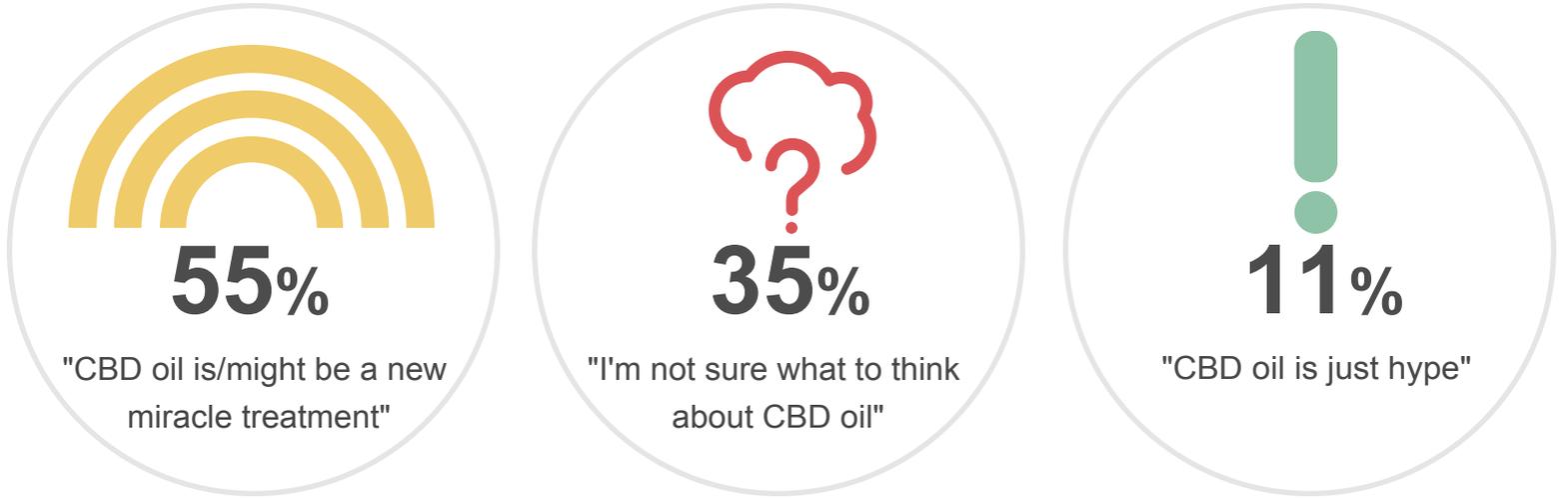
● Millennials ● Gen X ● Boomers





More than half of consumers view CBD positively but many are still uncertain

Which statement best aligns with your perspective on CBD?

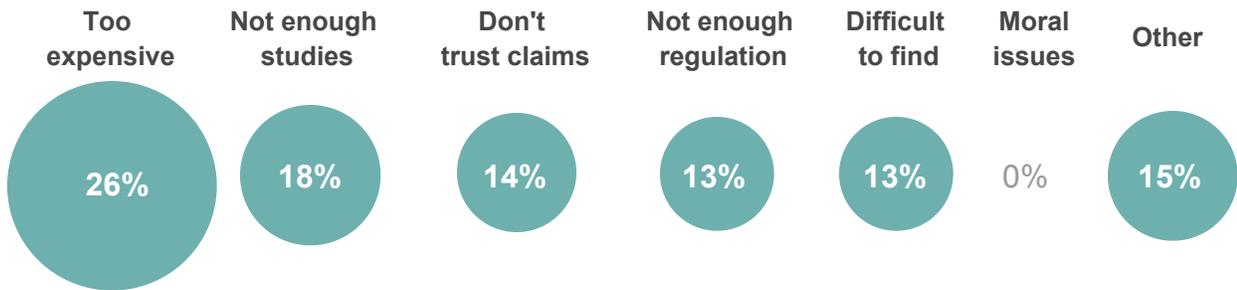


Price, lack of studies and distrust in claims biggest barriers for usage for non-users

% of consumers that haven't used...



but, are open to trying



and are NOT open to trying



Most first-time purchases are planned

Looking back at the first time you purchased a CBD product, what best describes it?

59% 
Planned purchase

25% 
Impulse purchase

7% 
Doctor recommended



1 in 10 pet owners purchase CBD products for their pets

Top reasons for usage

39%

Pain

32%

Anxiety

29%

General Wellness

Top Pet CBD Products

What types of CBD products do you give your pets?

Treats/chews

48%

Oil (dropper)

27%

Capsules

14%

Topical ointment

9%



52% purchased based on veterinarian's recommendation

Veterinarian

36%

Pet Retailer

35%

Online

22%

Top places of purchase



Recommendations

Attract non-users

- The majority of those that are interested in trying CBD products but aren't buying cite price as the reason. Consider offering entry level pricing on all types of items, sizes (topical only) or even samples to entice shoppers and providing coupons or discounts for future purchases.
- Older demographics are not purchasing mainly due to lack of knowledge. Educate via in-store signage/endcaps and knowledgeable store personnel on the many facets of CBD oil including overcoming misinformation. Consider reaching them via media or merchandising near products that over-index with their age group.
- Many consumers struggle with the limited amount of studies and may not trust product claims. Provide access to lab analysis and advocate on behalf of consumers by pushing for more studies or funding independent research. Build testimonials from users.

Propel current usage

- As you would with other consumer products, differentiate to promote buyer loyalty. Be authentic, consistent and solicit feedback from consumers.
- As availability amps up for all CBD products, it will be imperative to obtain appropriate shelf space in key retailers. Ensure product(s) are shelved with best adjacent categories.

Educate veterinarians

- Most pet owners base their decision to buy CBD products for their pets based on a veterinarian's recommendation, opportunity exists to ally with them especially those focused on holistic and naturopathic remedies.

Sources: Acosta Custom Shopper Survey July 2019 and internal subject matter experts; BDS Analytics (projection)



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