

MILLENNIALS as CANNABIS CONSUMERS

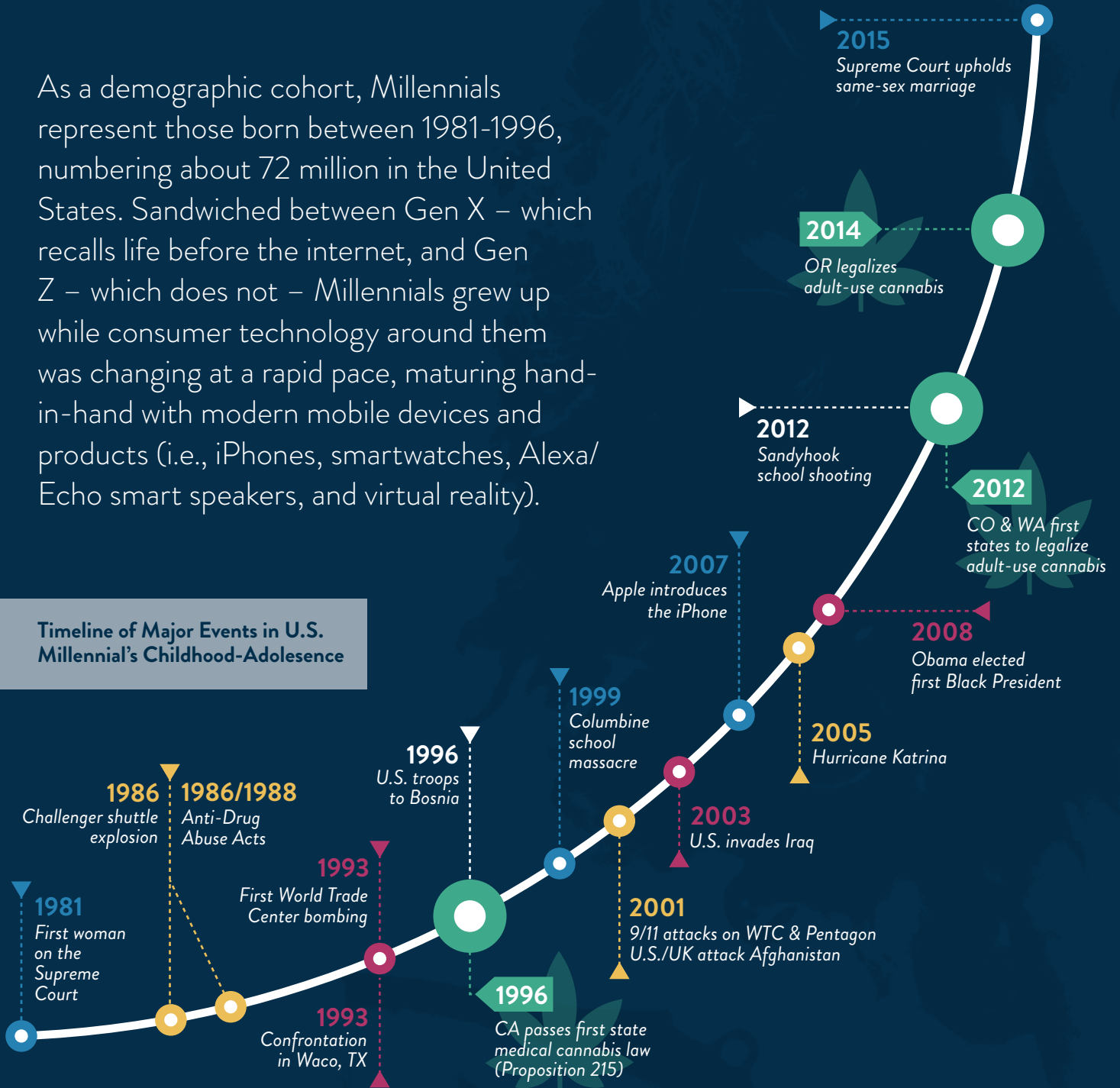
Attitudes & Behaviors of America's Largest Generation



Millennial Consumers

As a demographic cohort, Millennials represent those born between 1981-1996, numbering about 72 million in the United States. Sandwiched between Gen X – which recalls life before the internet, and Gen Z – which does not – Millennials grew up while consumer technology around them was changing at a rapid pace, maturing hand-in-hand with modern mobile devices and products (i.e., iPhones, smartwatches, Alexa/Echo smart speakers, and virtual reality).

Timeline of Major Events in U.S. Millennial's Childhood-Adolescence



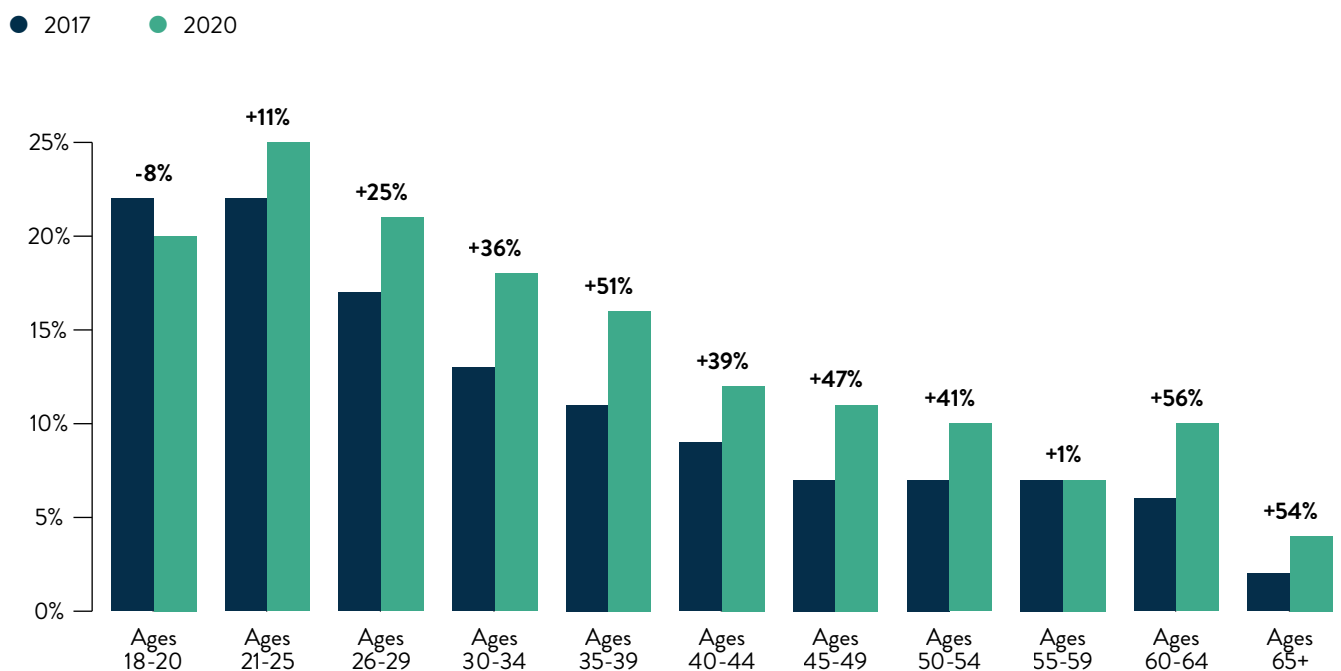
Beyond technology, Millennials have lived with seismic social and economic changes, including the 9/11 attacks on the World Trade Center and Pentagon, the wars in Afghanistan and Iraq, school shootings at Columbine High and Virginia Tech, and the global financial crisis of 2007-2008.

Regarding cannabis, older Millennials were young adolescents in 1996 when California passed the first state medical cannabis law, Proposition 215, and younger Millennials may not even remember a time when medical cannabis was not available somewhere in the U.S. For this age group, cannabis prohibition was a paradigm disintegrating in front of their eyes.

Now in their late 20s to early 40s, Millennials are becoming parents, and navigating stressful conditions in the financial and real estate markets, coupled with the COVID-19 pandemic which turned many Millennial households upside-down. In 2020, young Millennials (ages 26-29) reported a 25% increase in past-month cannabis use compared to 2017, and older Millennials (among ages 30-34 and 35-49) reported increases of 36% and 51%, respectively.

Much of what distinguishes Millennials as consumers relates to their collective identities as parents of young children, their career stages, and the evolving normalization of cannabis since they were teenagers.

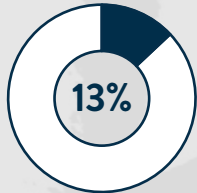
Changes in Past Month Use Rate: by Age Group



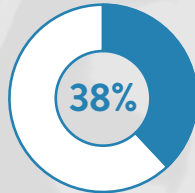
Source: SAMHSA

Demographics of Millennial Consumers

Consumers by Decade



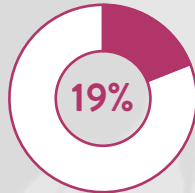
Gen Z



Millennial

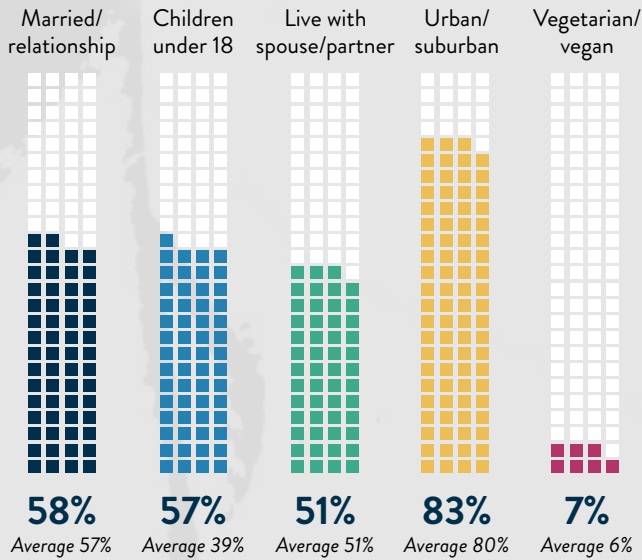


Gen X



Boomer

Social/Lifestyle



Identity: Gender

- Male
- Female
- Non-binary

Millennials



Average



Identity: Race

- White
- Black
- Hispanic/Latinx

Millennials



Average



14%
Identify as LGBTQ+

Education & Employment

Bachelor's degree or higher
38%

Average 34%

Earn under \$100k/year
74.5%

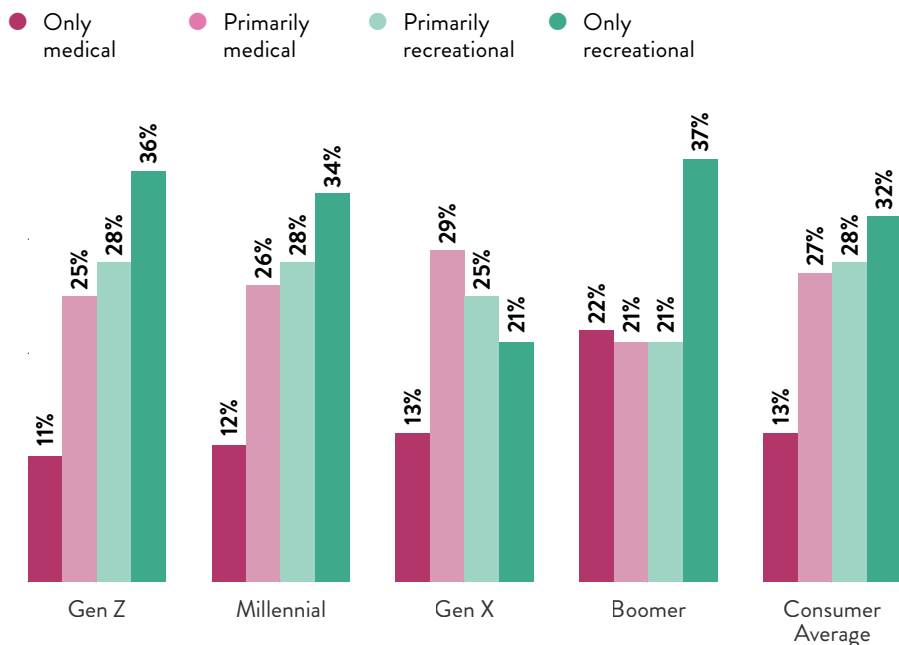
Average 76%

Work full-time
60%

Average 50%

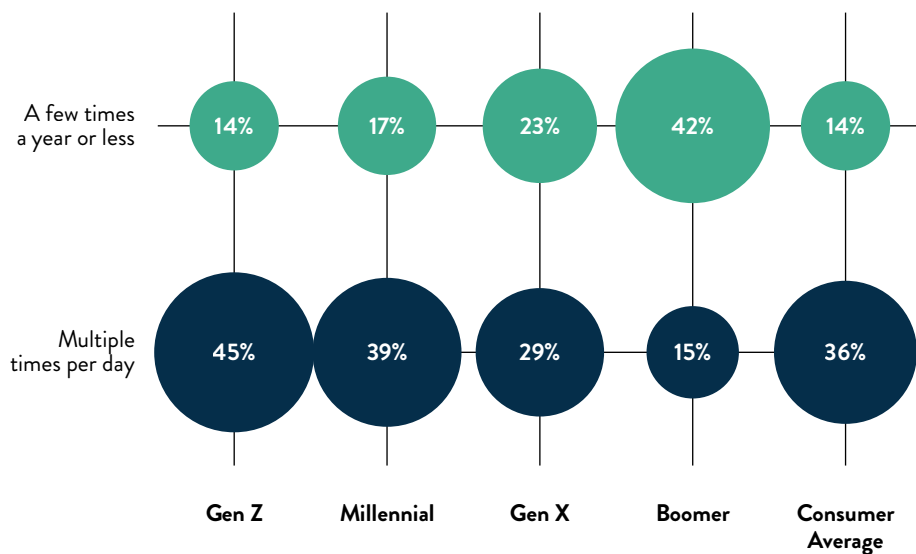
Use Behaviors

Consumer Identity



62% of Millennial consumers consider themselves “primarily or only recreational” consumers.

Use Frequency

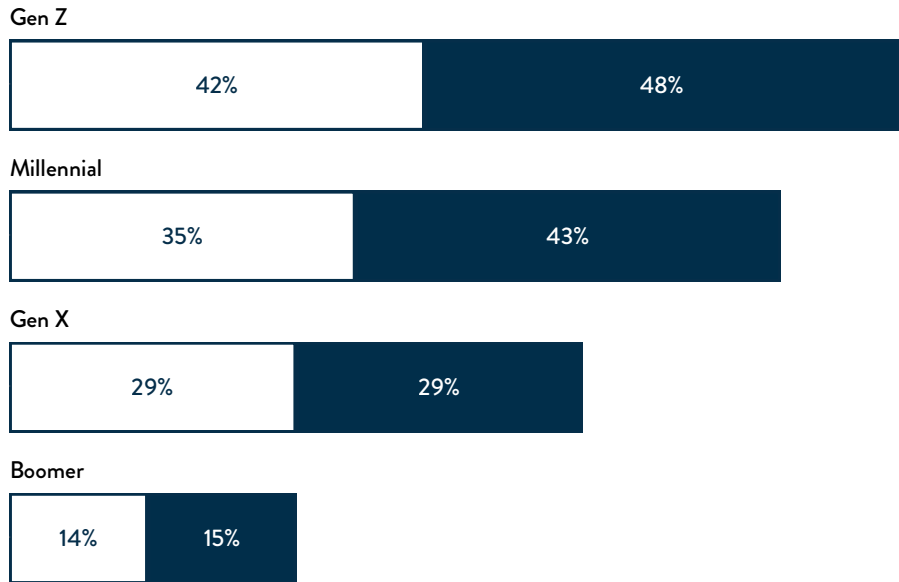


39% report consuming multiple times per day, while 17% report consuming a few times per year or less. Overall, use frequency is negatively correlated with age and gender.

However, there is a greater disparity between men and women as daily consumers among the Millennial age group than others. 35% of female Millennial consumers use cannabis multiple times per day, compared to 43% of male Millennial consumers. In other groups, the male/female split among those who consume multiple times per day is not as stark.

Use Multiple Times per Day: by Gender

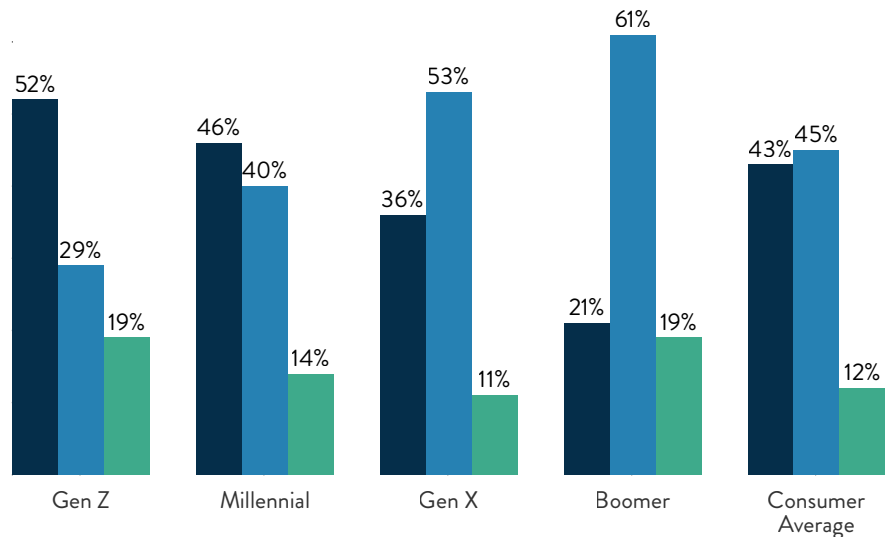
○ Women ● Men



Age was related to a more stable use pattern. 46% of Millennials increased their cannabis use in the previous year.

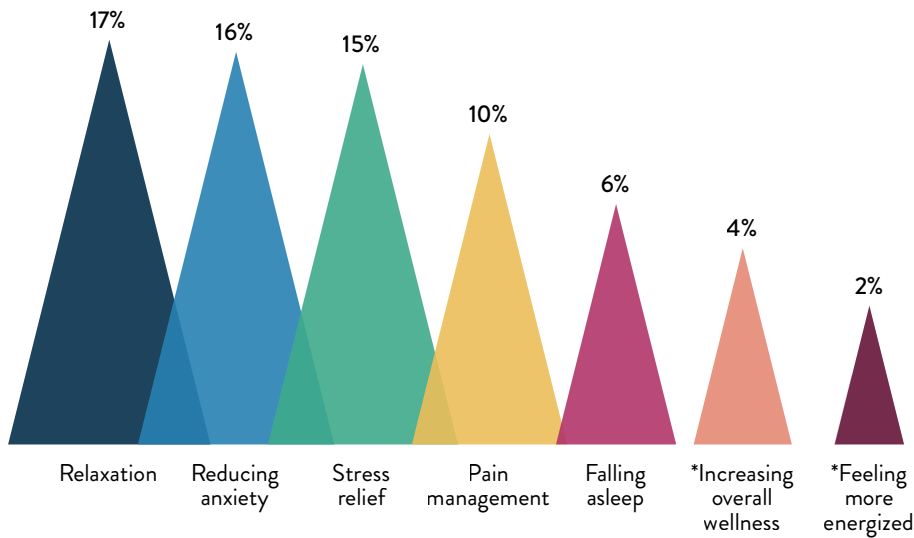
Change in Consumption: Since 1 Year Ago

● Increased ● Stayed the same ● Decreased



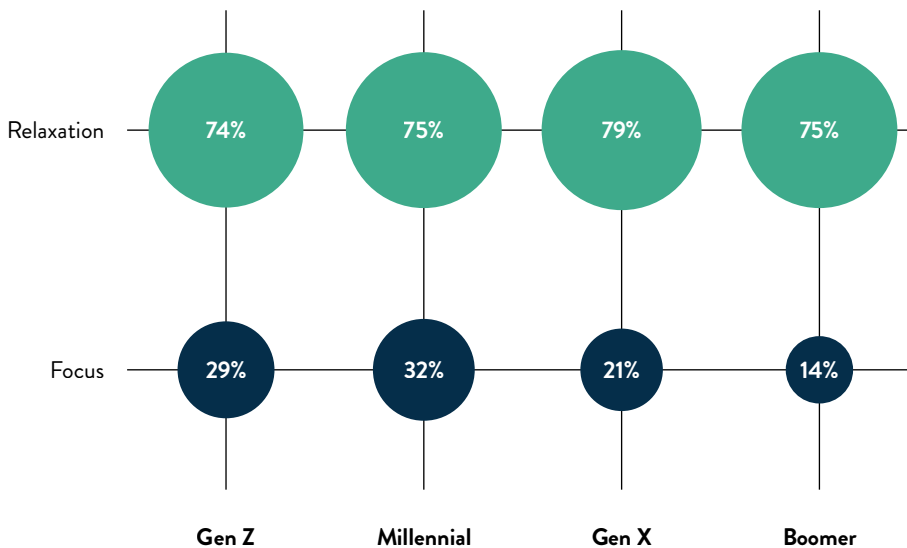
Motivations for Use

Top 5 Primary Reasons for Millennial Use



Like other decade groups, relaxation was the primary reason for their use. Though uncommon, Millennials were more likely to report “feeling more energized” and “increasing overall wellness” as a primary reason than were other groups.

Effects Sought: Relaxation and Focus



Relaxation was the most common effect sought by consumers across decades, with $\frac{3}{4}$ of each group citing it. Focus, however, was an effect most sought out by Millennials, with 32% identifying focus as a goal, compared to 29% among Gen Z, 21% of Gen X, and 14% of Boomers. This may be related to working full-time, where they are in their careers, and having young children at home.

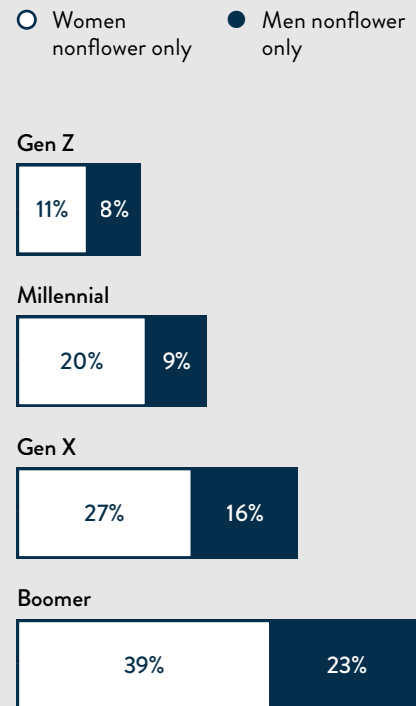
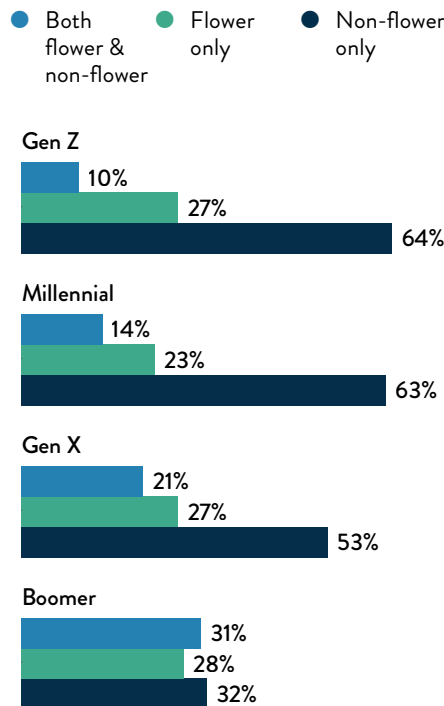
*Highest % among all decades

Product Preferences

63% of Millennials consume both flower and non-flower products, and Millennials were least likely to report using flower only (23%).

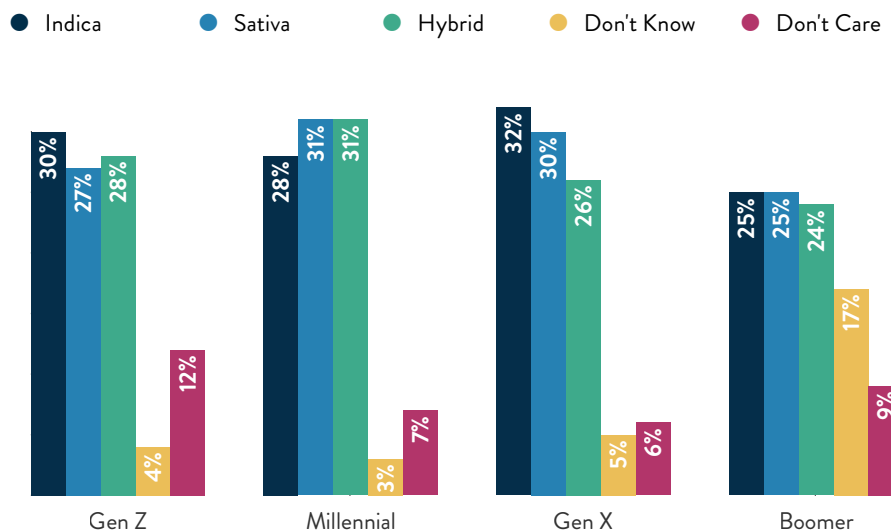
When considering gender, Millennial women were more likely than men to consume non-flower products only (20% vs. 9%). That difference held for other generations as well.

Flower vs. Non-flower

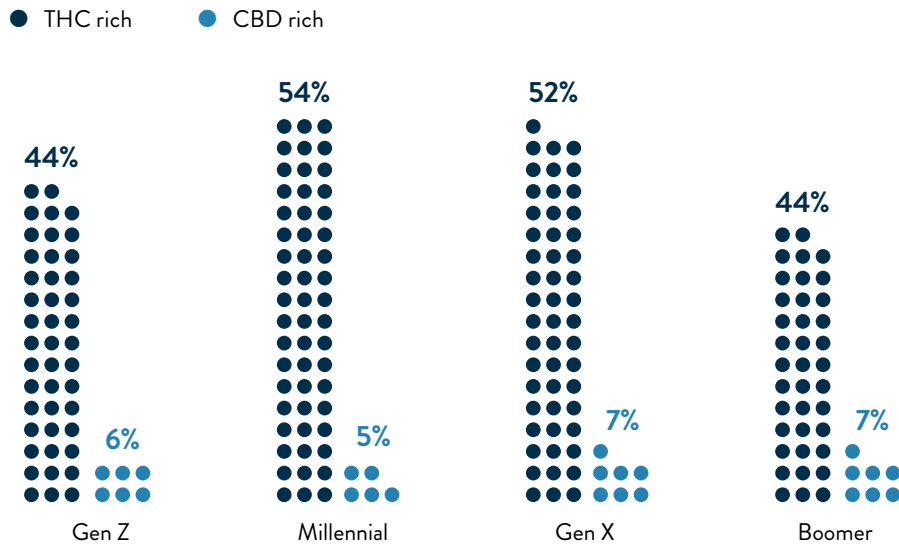


Millennials are fairly split regarding flower preference, with 31% each selecting sativa and hybrid, and 28% selecting indica. Millennials were slightly more likely than were other groups to prefer sativas, which supports the cohort's elevated desires for the effect of "focus" and motivation to "feel more energized".

Flower Type Preference



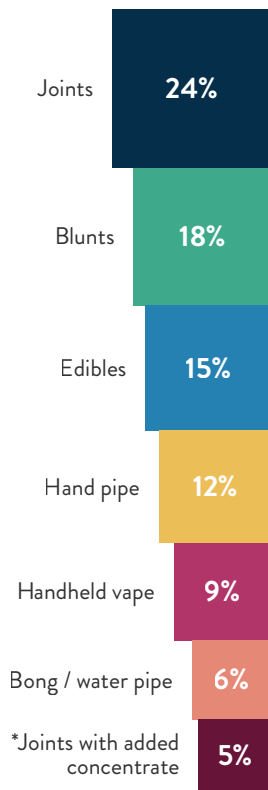
THC/CBD Ratio Preferences



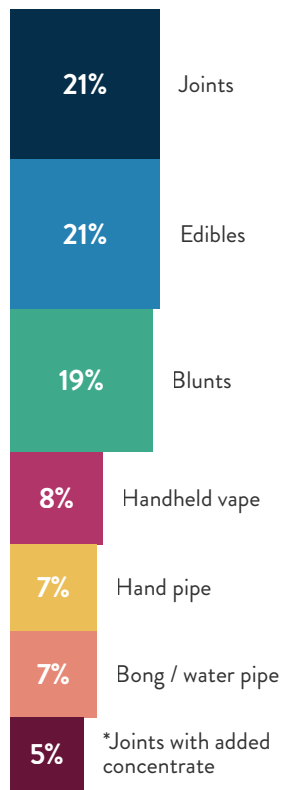
Millennials and Gen X most often reported a preference for THC-rich products.

60% of Millennials have used CBD, marking the highest rate across generations (compared to 55% among Gen Z and Gen X, and 47% of Boomers, respectively).

Top 7 Most Frequent Consumption Methods



Top 7 Most Favored Consumption Methods



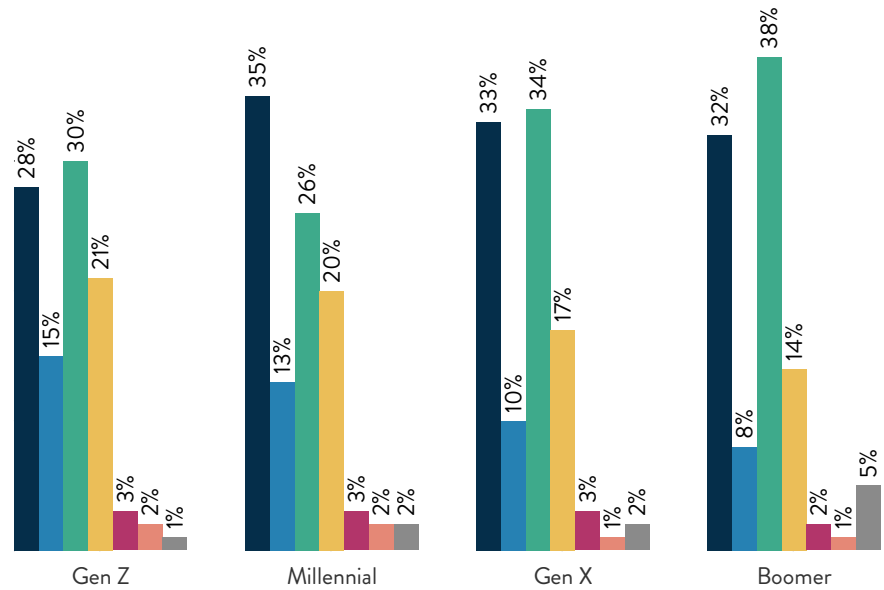
Joints are the most common and preferred method of consumption for Millennials, with 21% both. However, blunts and edibles are the second-most common forms of consumption for Millennials, switching in preference when asked about frequent vs. favored methods. Joints with added concentrate were used and preferred by Millennials at a higher rate than other generations.

*Highest for Millennials across decades

Millennials are the most likely to obtain their cannabis from a brick-and-mortar store (35%), and the least likely to obtain it from a family member (26%), compared to other generations. Wanting their use to have the appearance of legitimacy/discretion because of their identities as parents could influence decisions to source from a highly legitimate source. Similarly, the decision might be driven by desires for niche products and informative labeling.

Primary Source

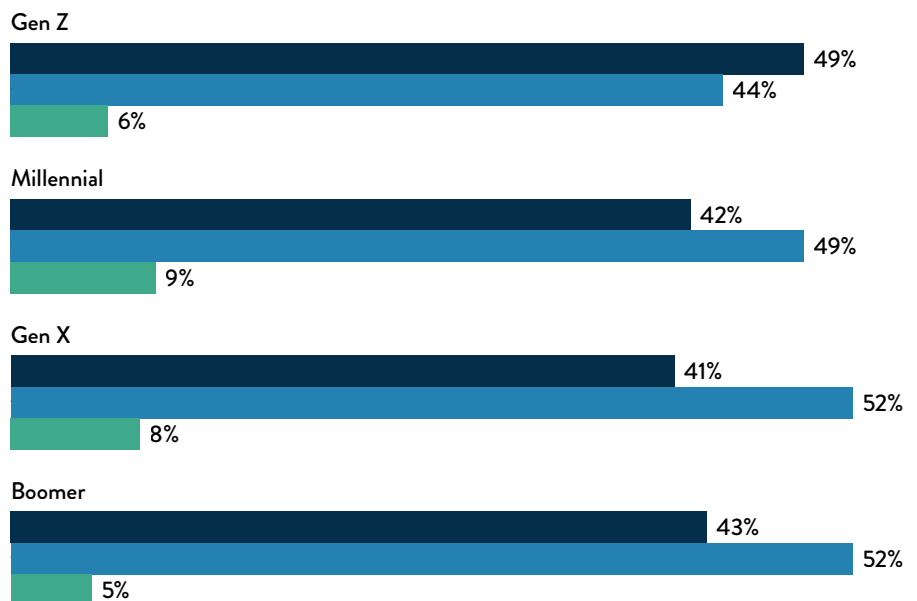
- Brick-and-mortar
- Delivery
- Friends/family
- Private dealer
- Grow my own
- Farmer's market
- Other



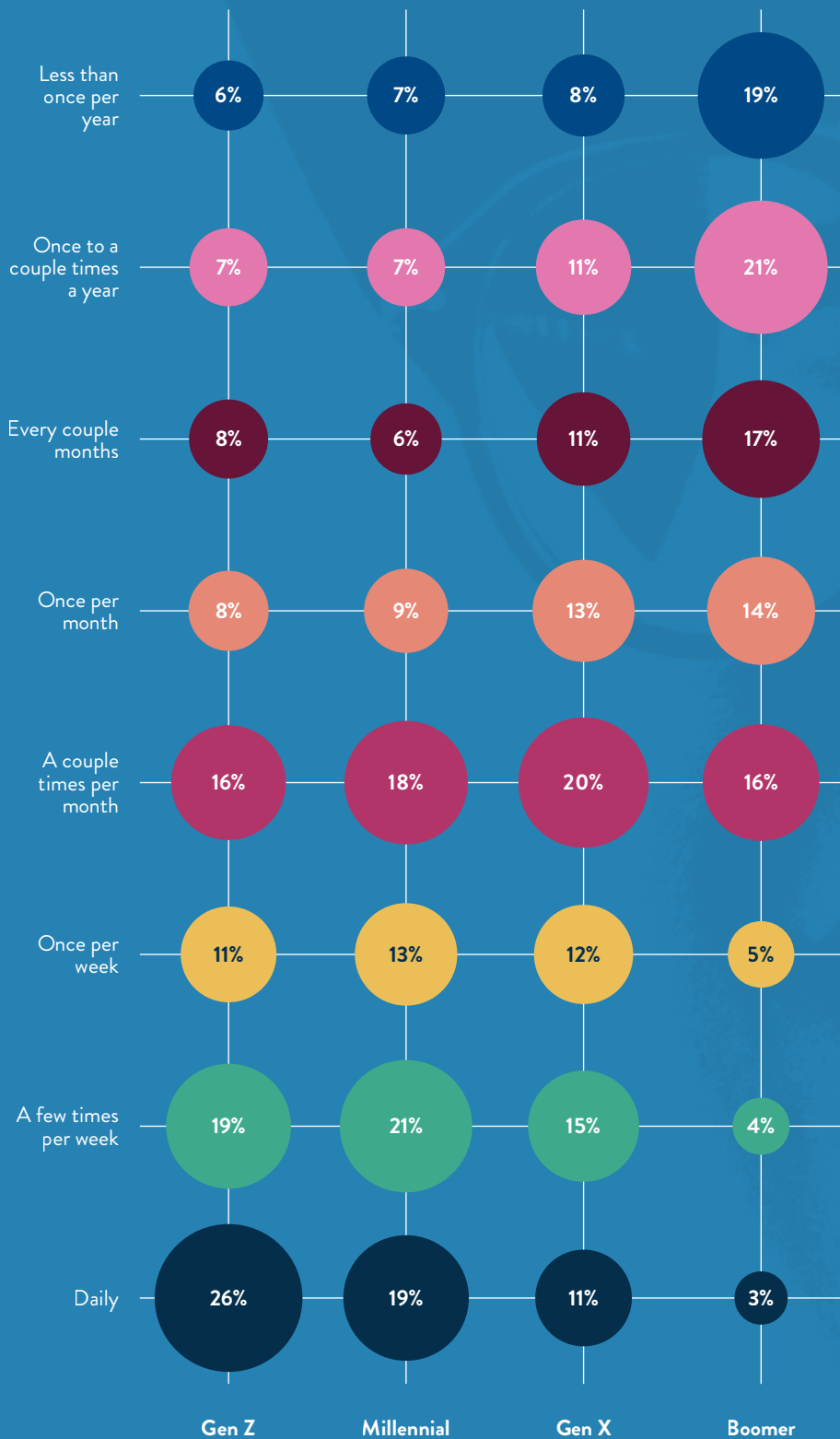
Millennial consumers are the most likely to spend \$200+ per purchase compared to other generations. Almost half (49%) of Millennial consumers spend between \$50 and \$200 per purchase.

Typical Spend per Purchase

- Under \$50
- \$50-\$199
- \$200+



Acquisition Frequency

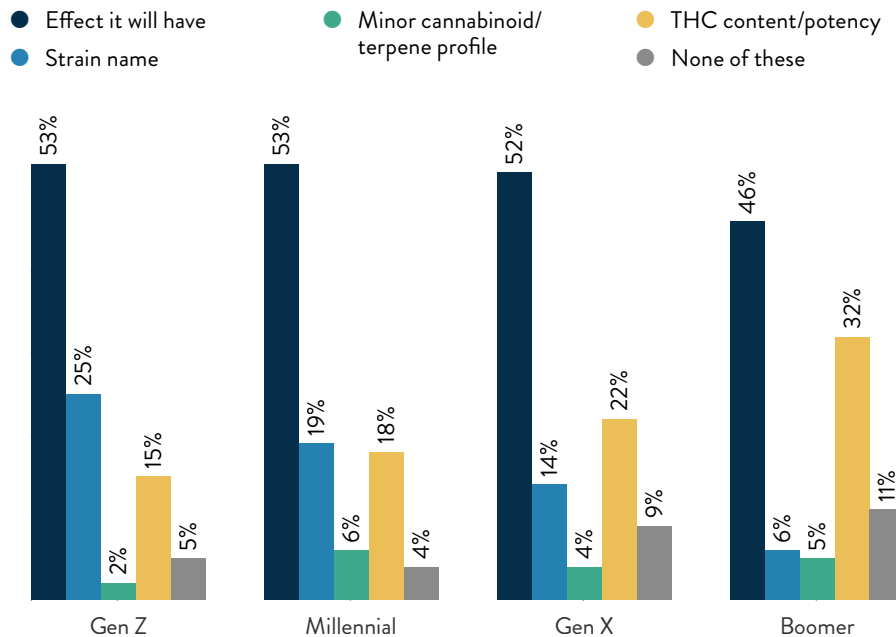


Acquisition frequency is correlated with age. Younger consumers are more likely to acquire cannabis frequently, while older consumers do so less frequently. 40% of Millennial consumers acquire cannabis a few times or more per week.

Purchase Influences

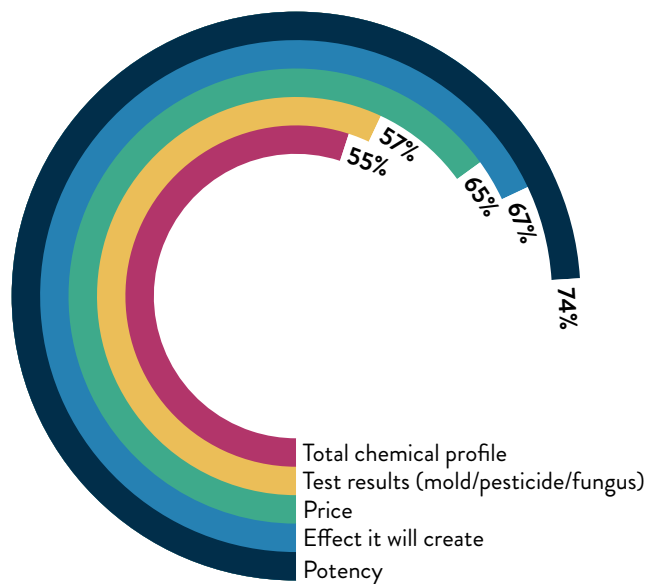
Effect is the most powerful purchase influencer among all age groups. Millennials are most likely to say that a minor cannabinoid and terpene profile is most helpful, which may influence their sourcing from brick-and-mortar stores, as referenced above.

Most Helpful Information When Making a Purchase Decision

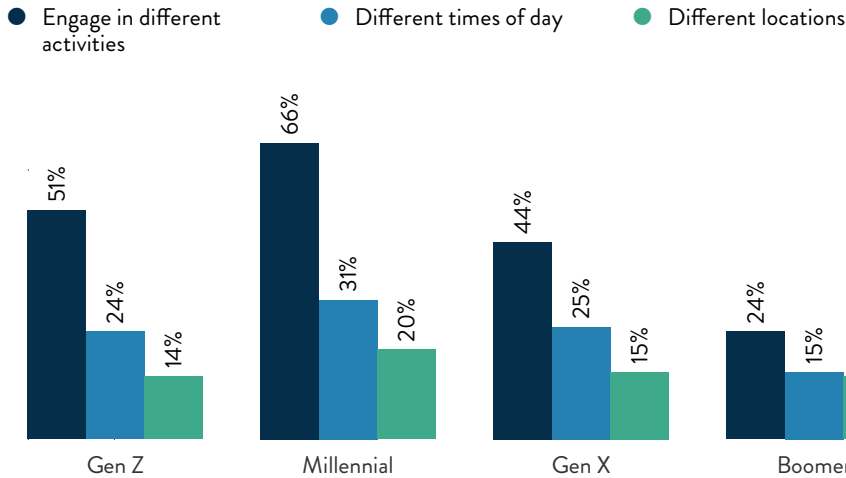


As among other age groups, potency is the biggest driver for product choices among Millennials, followed by effect.

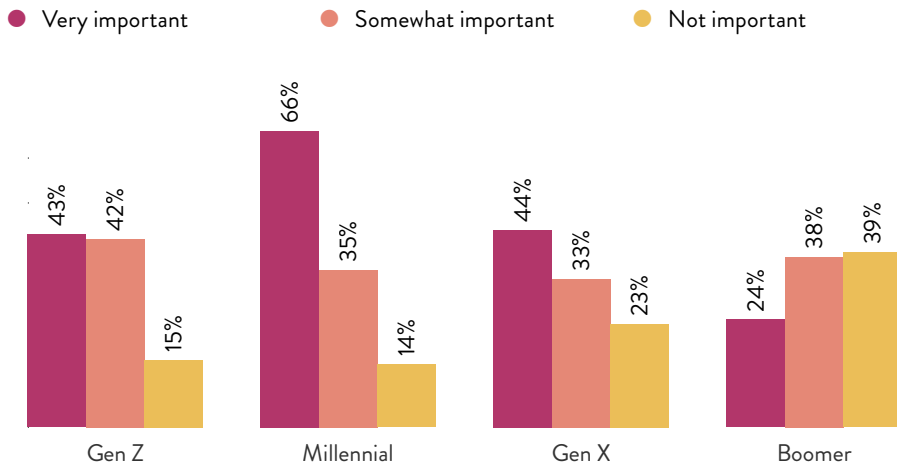
Top 5 Reasons Millennials Choose Products



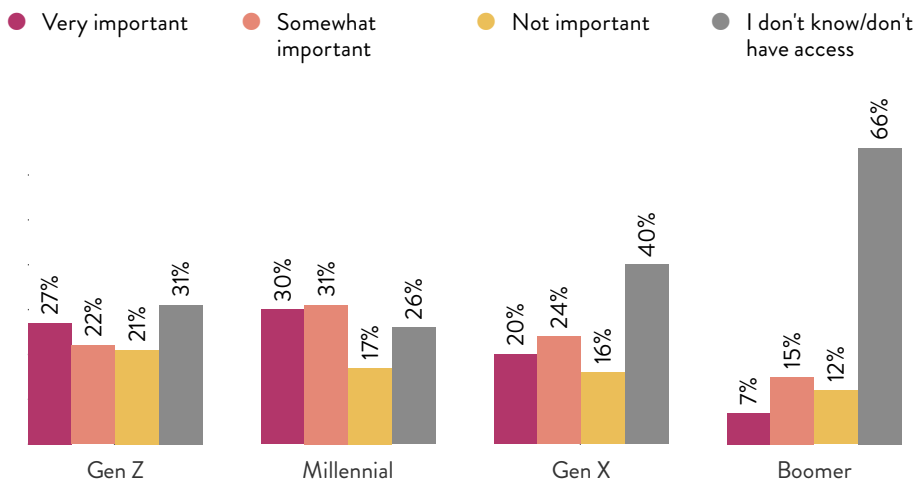
Influences on Choice of Product Form



Importance of Strains in Purchasing



Importance of Minor Cannabinoids & Terpenes in Purchasing



Millennials are using various forms of cannabis depending on the activity they are engaging in, the time of day, and where they are. They also report doing so in greater numbers than do other generations. Their identities as parents/full-time employees might influence those patterns.

66% of Millennials identify strain as very important in influencing their purchasing decision, more than 20% higher than the next group (Gen X), at 44%.

30% of Millennials say that minor cannabinoid and terpene profiles are very important to their purchase decisions. That was the highest among the generation groups. Millennials also were the least likely to say that they didn't know what a minor cannabinoid or terpene was, or that they did not have access to them. Those tendencies (plus the importance placed on strains) speak to their general knowledge of cannabis, and sophistication as consumers.

Health and Wellness

ALCOHOL & TOBACCO CONSUMPTION

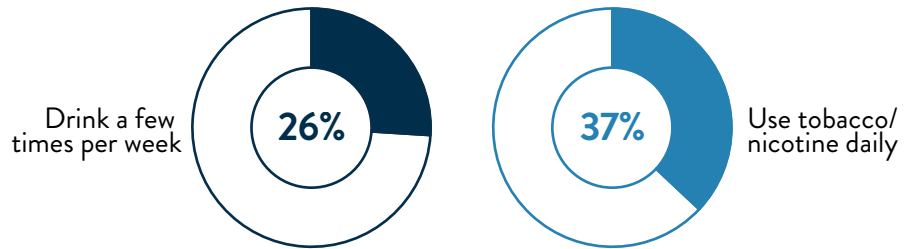
26% of Millennials report drinking a few times per week, while 13% do not drink at all.

37% of Millennials report using tobacco/nicotine products every day, while 32% never use them.

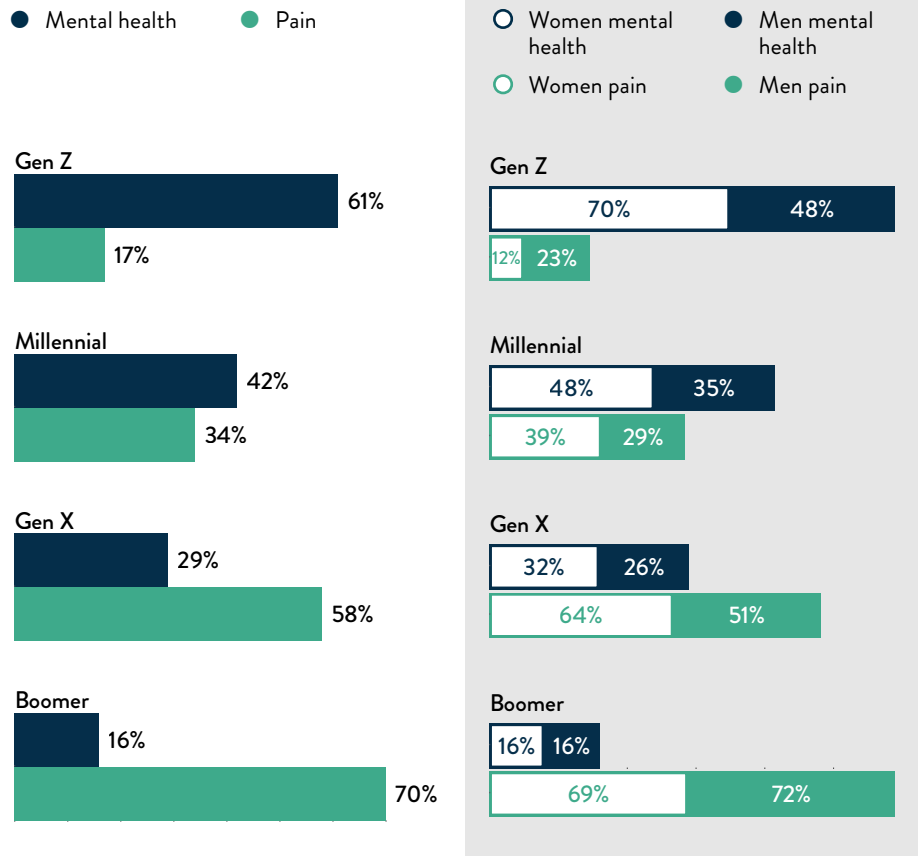
Using medical cannabis for mental health and pain is correlated with age. Younger people are more likely to report using it for mental health, with older people more likely to report using it for pain treatment. 42% of Millennials report using cannabis for mental health reasons and 34% report using it for pain.

When looking at gender differences whether for mental health or pain, the gender gap between use tightens as consumers age.

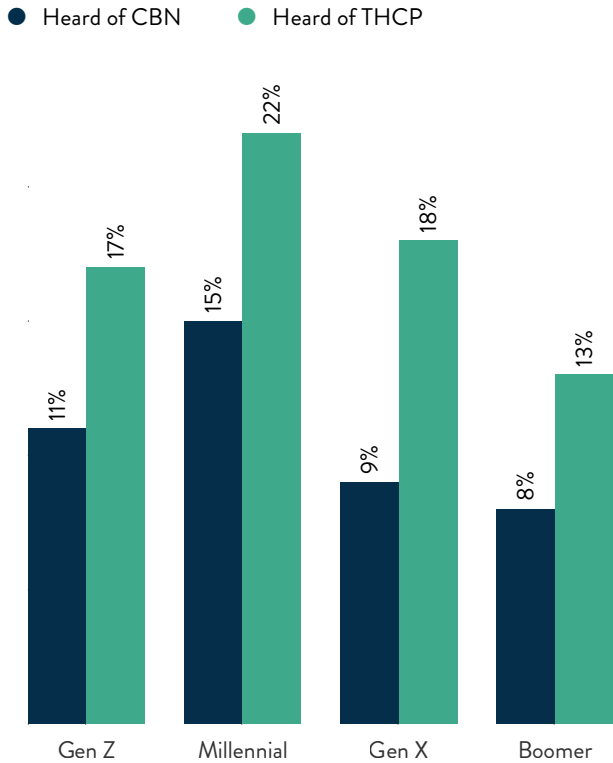
Millennial Alcohol & Tobacco Use



Medical Cannabis Use: Mental Health and Pain



Knowledge of Minor Cannabinoids

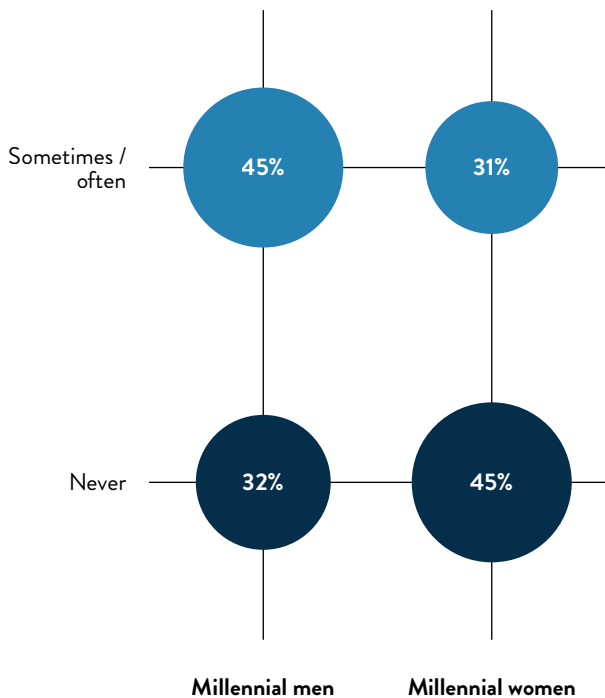


CANNABIS SUBSTITUTION FOR PRESCRIPTION & OTC MEDICATIONS

62% of Millennials report using cannabis to replace at least one prescription medication, and 63% report using cannabis as a substitute for an over-the-counter (OTC) medication. Millennials were more likely (at 77%) to report using cannabis as a substitute for an OTC sleep aid than were other decades (Generations Z and X at 74% apiece, and Boomers at 64%).

Given the elevated use of cannabis as a sleep aid by Millennials, it is unsurprising that the two minor cannabinoids they recognize at higher rates than the other groups (CBN by 15%, and THCP by 22%) are both associated with sleep.

Talk to a Doctor About Cannabis Use



TALKING TO DOCTORS ABOUT CANNABIS USE

While the act of talking to a doctor about cannabis is correlated with age, there are gender differences for Millennials. Among males, 32% of Millennials report never talking to a doctor about cannabis, compared to 45% of Millennial females. And 45% of Millennial males report talking to a doctor about cannabis “sometimes” or “often”, compared to 31% of Millennial females doing so. Those rates speak to the increased risk that women take admitting substance use in the context of their role as primary caregiver.

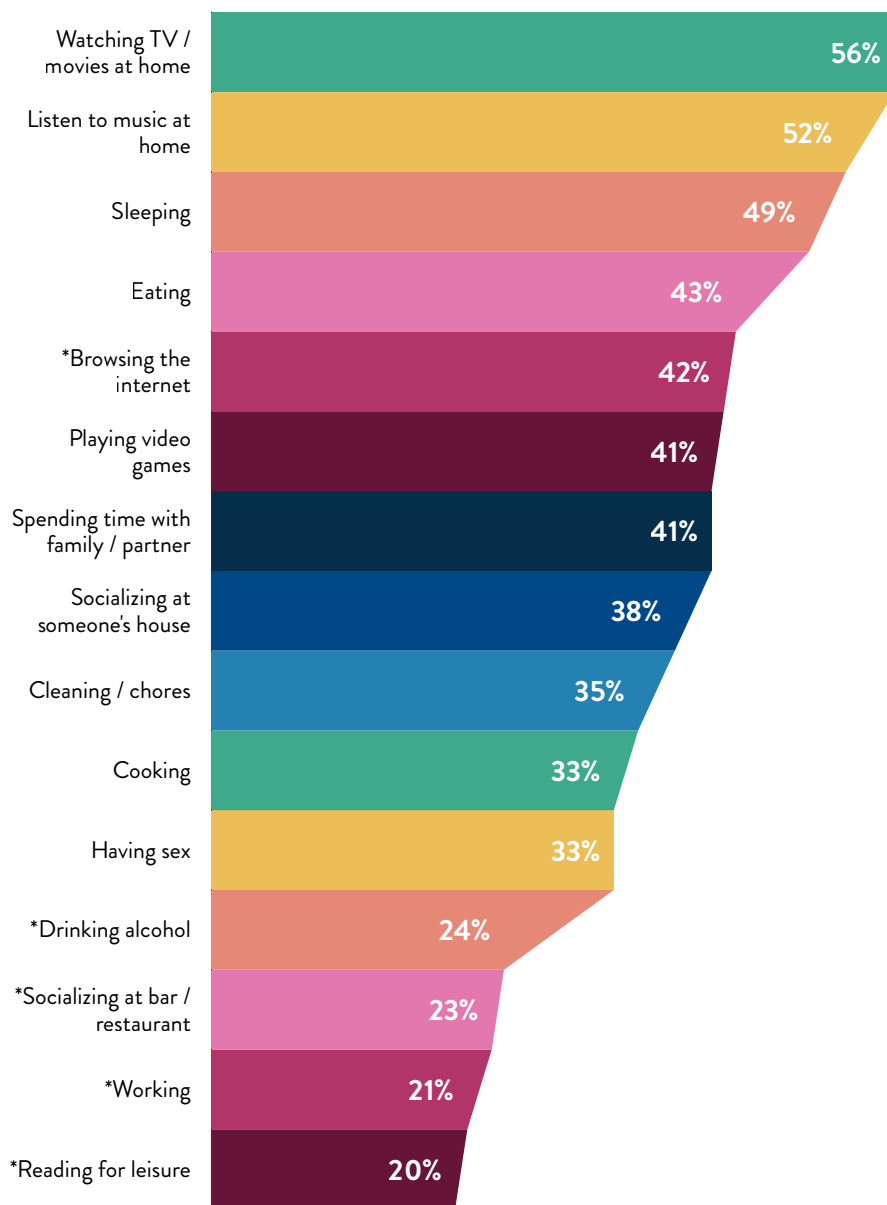
Millennial Consumer Activities

HOBBIES

Gardening for food or décor, both indoors and outdoors, are popular activities among all ages of consumers. 37% of Millennials report growing vegetables/fruits/herbs outdoors for food, 33% garden non-food plants outside, and 24% grow herbs indoors for food. Though only 10% of Millennials report brewing beer as a hobby, that is the highest rate among all generations (with Gen Z doing so at 7%, Gen X at 6%, and Boomers at 3%).

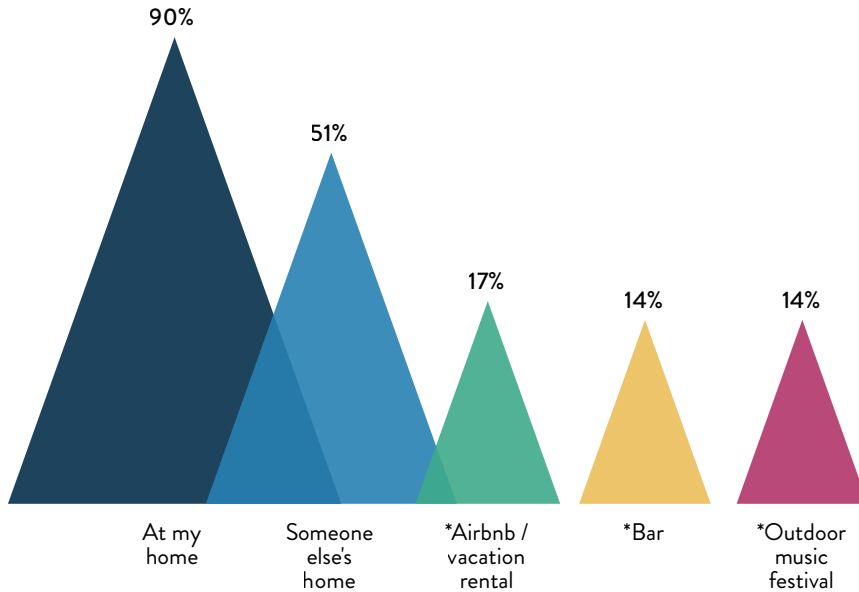
Among all generations, watching TV/movies and listening to music at home rank among the most common consumption activities. However, Millennials were more likely to report certain consumption activities (including working), which is supported by their rates of full-time employment.

Top Activities Enjoyed by Millennials While Consuming Cannabis



*Highest among groups

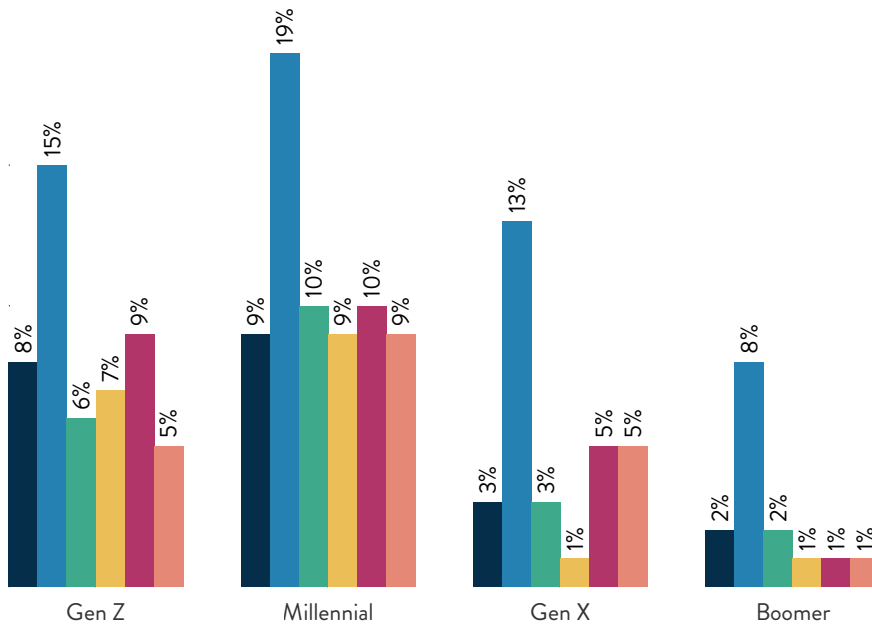
Top 5 Locations for Consumption According to Millennials



Home ranks as the most common consumption location across all groups. However, places where Millennials rank as more likely to consume are all connected to being away from home/on vacation, which is supported by their respectively high numbers of children under 18.

Cannabis Experiences

- Touring cultivation facility
- Attending cannabis-friendly concert
- Cannabis-based spa treatment
- Cannabis yoga/fitness class
- Cannabis meditation/mindfulness class
- Riding in cannabis limo



Even though legal cannabis experiences are still being variously normalized, Millennials were more likely to report having curated cannabis experiences.

Their choices could be connected to desires to consume away from the home, and to seek out experiences where cannabis is welcome and consumed freely.

*Highest rates across groups

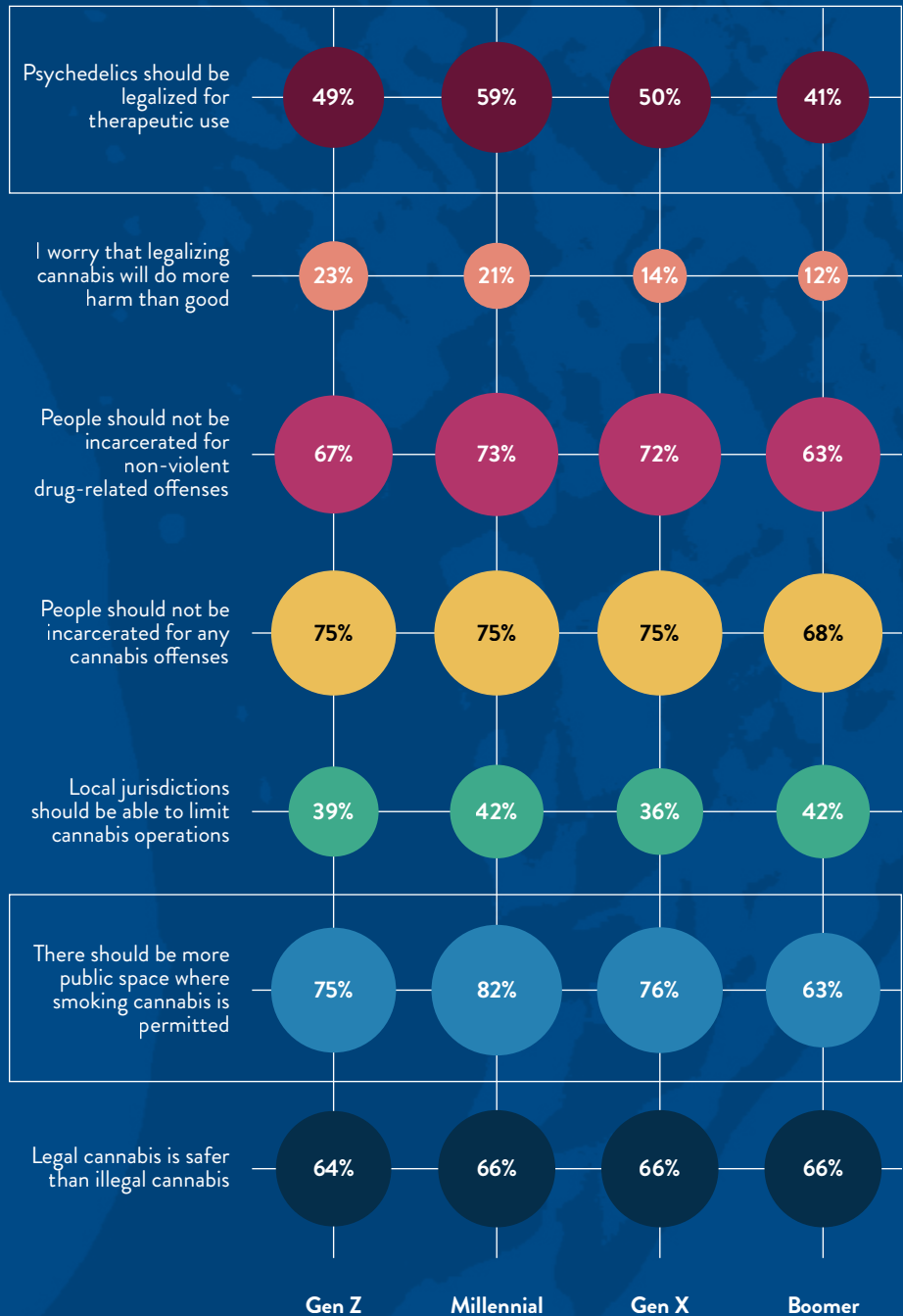
Policy Attitudes of Millennial Consumers

80% of Millennials feel that cannabis should be legalized.

Millennials report policy views in sympathetic line with the other generations. However, two policy issues draw more support from Millennials than among the other groups: support for more spaces for public consumption of cannabis, and belief that psychedelics should be legalized for therapeutic purposes. Both positions may relate to the Millennials' stage in life where consumption needs to happen away from the home, and mental health issues like anxiety have consumers interested in psychedelics and other plant-based remedies.

Also, 42% of Millennials feel that local jurisdictions should be able to limit cannabis operations, a possible indicator of NIMBYism related to one's identity as a parent.

Policy Attitudes

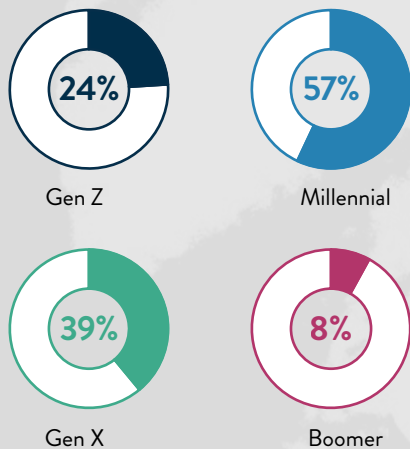


Conclusion

Use patterns and related behaviors are highly related to life stages.

Age itself is highly correlated with many cannabis behaviors (e.g., medical use, method of ingestion, and interest in pairing for effect). As such, one's stage of life influences cannabis behaviors across any given age group, including Millennials. Demographically, two main differences stand out. First, 57% of Millennials have children under the age of 18, compared to each 24% of Gen Z, 39% of Gen X, and 8% of Boomers. That reality impacts many cannabis consumption behaviors including products used, sources, conditions treated, motivations for use, and locations for consumption.

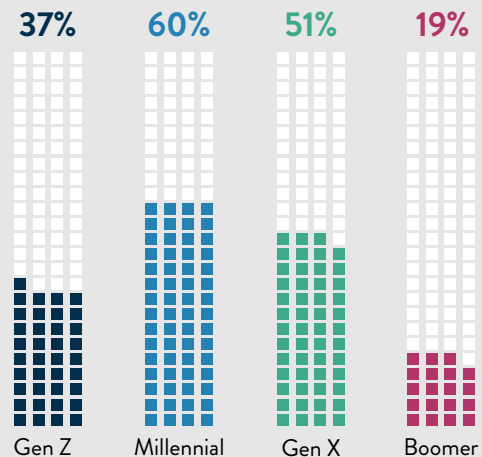
Have Children Under the Age of 18



The second area where Millennials stand out is employment status. 60% of Millennials report working full time, compared to each 37% of Gen Z, 51% of Gen X, and 19% of Boomers. Full-time employment also impacts behaviors such as motivations for use, activities done while consuming, and discretionary money spent on purchases.

Third, Millennials came of age during a veritable sea change in cannabis-related social attitudes and policies. As young adults they watched the markets in which they lived transition from prohibition to legal, regulated markets, and they have collectively played a leading role in the emergence of the legal cannabis economy, both as participants in the market and as champions for change.

Employed Full-Time



Key Takeaways

Millennials are the first mainstream cannabis adopters with disposable income.

Millennials represent the intersection of the first generation to come of age with some form of legal cannabis in the U.S., and the last generation to interact with commerce in a traditional way. This, with their characteristic position in life as full-time employees (half among them at a managerial level or above) has allowed them to embrace cannabis in closer accord to traditional commerce than as underground vice.

More than other groups (perhaps driven by their generational identities as parents), Millennials are commonly integrating cannabis into their lifestyles, embracing behaviors, seeking out experiences, and educating themselves about the broadening nuances of consumption. Their use is purposeful and efficient.

Millennials demonstrate sophisticated knowledge of cannabis products.

Millennials typically have more sophisticated knowledge of cannabis than do other generations. They are more aware of the minor cannabinoids used for sleep, and they use cannabis to replace OTC sleep aids

more than do other groups. They are also more likely both to care about the strain and minor cannabinoid and terpene content of their flower, and to spend more than \$200 per purchase.

Having young children at home impacts cannabis consumption behavior.

Millennials were most likely to report changing their form of consumption based on where they were and whom they were with. Those and other behaviors regarding their maintenance of desired identity were found in this group: Millennials were more likely to report using cannabis away from the home, seeking out experiences where cannabis can be consumed, and supporting expansion of public consumption areas.

Millennials are more likely to source from brick-and-mortar locations, and less from family and friends.

The normalized legitimacy of a brick-and-mortar store, combined with a variety of products and more extensive, commonly available product information likely drive Millennials' increased tendency to prefer brick-and-mortar outlets to sourcing from family or friends.

■ Millennials will lead the charge in shaping adoption of social use spaces. While millennials spend slightly less than Baby Boomers or Gen X on recreation and leisure, they have greater spending power than Gen Z, due to being later in their careers. The combination of higher disposable income than younger consumers, and higher consumption rates than older generations will result in millennials spending more on cannabis-related recreation and leisure than other consumer groups. As social use spaces begin to emerge in legal markets, catering to millennial consumers will offer the twin advantages of a large, experienced consumer base with higher disposable income than other groups.

■ With word-of-mouth being one of the most important ways in which consumers learn about cannabis, Millennials are key ambassadors for cannabis to their aging parents. Millennials are assuming a growing burden for caring for their aging parents (late-year Baby Boomers and early-year Gen X'ers) and are therefore going to be a key source from which older consumers learn about cannabis and its uses. As such, brands which are building products targeting older consumers, should also consider messaging to these younger consumers as their recommendations will be an important way to drive adoption among older adults who are less familiar with cannabis.

■ Changes to regional, national, and global cannabis policies will quicken as millennials rise to political power. Millennials make up nearly one-quarter of American adults (24%) and are becoming an increasingly powerful political force. The power and influence of Millennials will be especially potent in developing countries in which they account for even larger proportions of the population. The rising political influence of Millennials is a key contributing factor in the quickening pace of change in global public attitudes toward cannabis, and to the growing momentum of toward legalization and transition to regulated markets.

About New Frontier Data

NEW FRONTIER DATA is the premier data, analytics, and technology firm specializing in the global cannabis industry, delivering solutions that enable investors, operators, advertisers, brands, researchers, and policymakers to assess, understand, engage, and transact with the cannabis industry and its consumers. New Frontier Data's global reach and reputation is evidenced by research and analysis citations in more than 85 countries. Founded in 2014, New Frontier Data is headquartered in Washington, D.C., with presence in Europe, Latin America, and Africa.

Mission

New Frontier Data's mission is to inform policy and commercial activity for the global legal cannabis industry. We maintain a neutral position on the merits of cannabis legalization through comprehensive and transparent data analysis and projections that shape industry trends, dynamics, demand and opportunity drivers.

Core Values

- Honesty
- Respect
- Understanding

Vision

To be the nexus of data for the global cannabis industry.

Commitment to Our Clients

The trusted one-stop shop for cannabis business intelligence, New Frontier Data provides individuals and organizations operating, researching, or investing in the cannabis industry with unparalleled access to actionable industry intelligence and insight, helping them leverage the power of big data to succeed in a fast-paced and dynamic market. We are committed to the highest standards and most rigorous protocols in data collection, analysis, and reporting, protecting all IP and sources, as we continue to improve transparency into the global cannabis industry.

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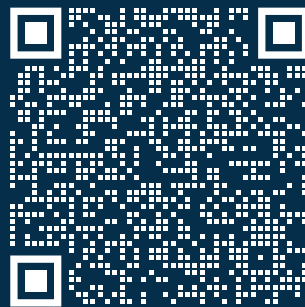
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