

FOOD AND BEVERAGE

## Cannabis consumption has potential to impact spirits sales

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*A luxury cannabis boutique modeled after a jewelry store. Image credit: Emerging Insider*

By SARAH RAMIREZ

As cannabis finds more mainstream acceptance due to legalization and luxury consumers more publicly embrace the substance, it may eventually cut into alcohol sales.

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More than a third of alcohol drinkers in U.S. states where recreational marijuana is legalized also consume cannabis, according to a new report from IWSR Drinks Market Analysis and BDS Analytics. Millennials account for 45 percent of dualists, or consumers who use both alcohol and cannabis.

"Cannabis will have a long-term impact on beverage alcohol consumption and purchasing, so companies must understand where the impact and interaction is happening today among consumers and occasions to better prepare for the future," said Brandy Rand, U.S. president at the **IWSR**, Boston. "Cannabis is not yet mainstream, so the impact today is small and cannot be directly seen in sales data, as many have shown.

"However, as regulations loosen and more adults become consumers, the impact to alcohol will become more evident," she said.

The report is based on analysis from IWSR and BDS Analytics' proprietary data, and also incorporates consumer insights.

### High spirits?

While legal sales of cannabis do not compare to sales of alcohol, IWSR and BDS Analytics report that consumption is on the rise among beer and spirits drinkers.

Up to 40 percent of adults over the age of 21 consume cannabis in states where it is legalized. Ten states have legalized adult recreational usage of cannabis products, in addition to the 34 states that have approved medical marijuana.

Despite the growing popularity of cannabis, twice as many legal-aged adults consume alcohol than marijuana in legal markets. Two-thirds of cannabis consumers in those markets also consume alcohol.

"Cannabis should not only be associated with male beer drinkers," said Jessica Lukas, vice president of consumer insights at [BDS Analytics](#), Denver. "The stoner stereotype has been debunked over the past few years, and the impact to alcohol falls across demographic groups."



*Cannabis users are more likely to enjoy beer or spirits than wine. Image credit: Harrods*

Although more than 50 percent of people have paired cannabis and alcohol, about half of those users say they drink less alcohol under those circumstances.

In general, alcohol and cannabis dualists are more likely to drink beer or spirits than wine. Forty-four percent of dualists also believe marijuana should be sold in the same stores as alcohol.

Cannabidiol, commonly referred to as CBD, is becoming popular among both consumers and non-consumers of cannabis. Edibles, including beverages, are responsible for 53 percent of CBD product sales.

"The question is really how should alcohol producers anticipate a potential shift in consumption behavior as a result of cannabis," IWSR's Ms. Rand said. "The answer is to focus on product innovation that meets consumer needs and shifting needs this does not have to be cannabinoid-infused beverages and to pay close attention to the growth and evolution of cannabis products, cannabis beverages and beyond."

#### Budding industry

Cannabis is evolving into another category for which affluents have high expectations.

A report from Emerging Insider found that the majority of high-net-worth cannabis consumers would prefer to spend a large sum for high quality, luxury cannabis experiences. Whether that be in the form of rare strains of the plant or in custom, luxury equipment for consuming cannabis, 74 percent of consumers said they would spend \$300 or more on cannabis, and 30 percent said they would spend up to \$1,000.

Forty-one percent of respondents to the survey said they are more open to buying premium brand name strains of cannabis, and 36 percent said they are open to purchasing expensive rare strains of cannabis ([see story](#)).

The beauty industry is one sector that has pushed CBD products forward, and is integrating cannabis into the wellness and retail spaces.

Department store chain Barneys New York is the first to open a luxury shop devoted to cannabis, but a few of its contemporaries have adopted similar strategies.

Barneys has opened a store-within-a-store at its Beverly Hills location devoted to cannabis products, under the cheeky name "The High End."

Since California legalized marijuana, the store is not just focused on hemp-infused products, but features a variety of items devoted to smoking cannabis as well. The store will be stocked with products such as rolling papers, vaporizer pens and lighters in addition to wellness items ([see story](#)).

"Cannabis is a very complex industry," BDS Analytic's Ms. Lukas said. "It comes in many different forms and can be consumed via many different methods."

"Consumption of cannabis is multi-faceted and multi-purposed and sits on a broad scale from fully social or recreational to fully medical," she said. "As such, it is important for beverage alcohol companies to understand cannabis consumers, consumer behavior, evolving behaviors and need states and occasions."

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