

COLUMNS

## Cannabis: Making a case for luxury to dive in

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In 2016, 11,000 people were in Las Vegas to attend the world's largest cannabis trade show and conference, MJBizCon.

In 2017, the number was 18,000.

One year ago, in November 2018, I was among the 25,000 zealots attending when I decided this: 2019 would be my *Year of Living Curiously*.

From New York to San Jose, I spent the last 12 months flying between cannabis conferences and hemp symposia. "Cannabis businesses must be banked," was my message to lawmakers when I joined industry colleagues for Lobby Day in Washington.

Throughout this curious year, I met with investors and entrepreneurs, thought leaders and media people, each with their own divergent beliefs, all held passionately.

So, my take on this nascent industry, after a year marked by stalled legalization, the vaping crisis and a correction to cannabis stocks?

It looks like this: Laws are changing. Tastes evolving. Disruptive products, ready to launch. Because of the many uses of cannabis hemp for clothing and footwear, CBD for beauty and wellness and THC for infused drinks that will likely disrupt the wine and spirits market now is the time for the luxury and lifestyle industries to step in and figure out their cannabis play.

My curious year in cannabis was just beginning when the hemp-friendly Farm Bill was passed into law.

The short story: Legal hemp has paved the way for hemp-derived CBD. This non-intoxicating, soft-power emissary now paves the way for the normalization of all things cannabis.

We know millennials want legalization, and we know they are the cohort who will determine how big the industry gets.

According to a 2019 Quinnipiac University poll, 85 percent of millennials ages 18-34 say they support legalization.

The Brightfield Group, a market research company focused on the cannabis sector, reports that millennials are the largest group of cannabis consumers and they purchase more expensive, high-quality legal products than any other cohort.

"The defining sociological condition today, especially among millennials, is arguably anxiety," writes *New York Times* feature writer Alex Williams, charting the intersection of CBD and self-care as converging millennial essentials.

Therein lies the reason why this industry is headed in only one direction.

Here is a snapshot of how the demographics, psychographics and green wave intersect:

The millennial beauty/well-being consumer: Millennials, not marketers, power today's plant-based, clean-beauty movement.

According to the U.S. Chamber of Commerce, we should next expect the linking of beauty and food to propel innovation in the self-care sector, which is part of the \$4.2 trillion global wellness market.

*The cannabis connection:* Only one super-hero botanical has enough mojo to sync up with all these new categories: cannabis. The story from the counter now: Old-school hemp seed beauty products (think: Body Shop) have gotten a millennial makeover (think: Milk Makeup and High Beauty).

At the same time, scores of new hemp-derived CBD brands are selling topicals and supplements at department stores (Neiman Marcus, Saks Fifth Avenue), beauty chains (Sephora, Ulta) and drug stores (CVS, Walgreens).

Expect consumers to develop more sophistication around CBD and smart brands to respond by promoting the quality of their sourcing highlighting regeneratively grown crops, hemp terroir and ethical farming.

*Writing on the wall:* Last August, Canadian cannabis giant Cronos spent \$300 million acquiring Lord Jones, the first CBD beauty brand to score a spot at Sephora.

The millennial conscious consumer of fashion: Questions around sustainability in fashion require an urgent response from businesses as more millennials connect the textile industry to climate change.

Fast fashion has taken note: mindful millennials are thinking quality over quantity.

*The cannabis connection:* Orange is the new black and hemp is the new cotton.

The once thriving industrial hemp industry (making flags, sails, rope) disappeared when cannabis was prohibited. Now, it is back, and processing innovations are turning scratchy hemp stalks into soft-fabric blends.

*Writing on the wall:* This year, Levi Strauss & Co. collaborated with Outerknown on a hemp-cotton-blend capsule collection.

The first hemp project in a series, Levi is searching out sustainable materials. Growing hemp requires significantly less water, and minimal pesticides, compared to cotton.

Spa, travel, home, garden, pet care: The list of inventive cannabis products that seamlessly slot into the lifestyle and luxury categories and converge with the healthy-living, sustainability-sentient millennial mindset goes on.

As I write this, the next wave of innovative cannabis products low- and micro-dose beverages and edibles is coming to market in locations from Canada and California.

The new cannabis drinks are positioned as a low-cal alternative, or a replacement, to wine, beer and spirits. Note: Millennials drink far less alcohol than past generations, according to last year's survey by Monitoring the Future.

As for edibles (CBD and whole plant THC formulations), varied gummies, mints and chocolates address stress reduction, mood improvement, pain alleviation and social anxiety.

Wrapped in the language of lifestyle, global sales of these products are set to rise to \$194 billion by 2025, per Deloitte.

Just now, I Googled the cost for a six-pack of Recess, the non-intoxicating CBD-infused sparkling water that launched last January. The answer: \$29.99. For comparison, a six-pack of Coke will set you back \$2.09.

Benjamin Witte, founder/CEO of Recess, explains that he is not marketing an ingredient (CBD). Instead, he "bottled a feeling." Great. Marketing a feeling and function the new tone and aura.

The best of the new cannabis lifestyle brands have nailed that, too. CannDESCENT, DOSIST and Sunday Goods all name their products after need states, such as Bliss, Chill, Connect, Relax.

Alongside the vibe-y messages, responsible cannabis companies stand up for restorative social justice issues: recruiting from communities harmed by prohibition, supporting the expunging of cannabis convictions, and including minorities in this newly legal industry.

Far more notable, the way luxury brands have moved toward a focus on pro-social concerns identity issues, climate change and mental-health matters that connect with a millennial audience coping with the trauma of rising seas and the drama of shifting cultural norms.

Then again, breaking codes and nixing norms with smarts and style is what luxury brands do best.

CANNABIS IS edgy. Cannabis is relevant.

Now, with the latest Pew poll showing that 67 percent of Americans support legalization, it is time for Big Fashion, Big Beauty and Big Travel to look past the short-term growing pains of today's "new" legal industry and toward the green, natural, sustainable future powered by this once-despised, now-desired multidimensional botanical.

In other words, let us put this plant to work.

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