CANNABIS EDIBLES: PERCEPTIONS OF CANADIAN FOOD & BEVERAGE PROCESSORS

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SURVEY PERFORMANCE

- Aim of Survey
  - To better understand the perceptions and plans of Canadian food and beverage makers regarding cannabis as a food ingredient
  - Explore the key challenges processors see with cannabis and cannabinoids
  - Compare findings between this survey and one taken in 2018

- Survey duration: 12 days – October 2019

- Completed surveys = 83 – Mostly executives and senior managers
  - Fewer than 2018 survey yet more senior executive respondents

- Respondents required to be in food & beverage industry, be 18-years old and have been living in Canada for at least the last 12 months

- Average duration of survey = 8 minutes
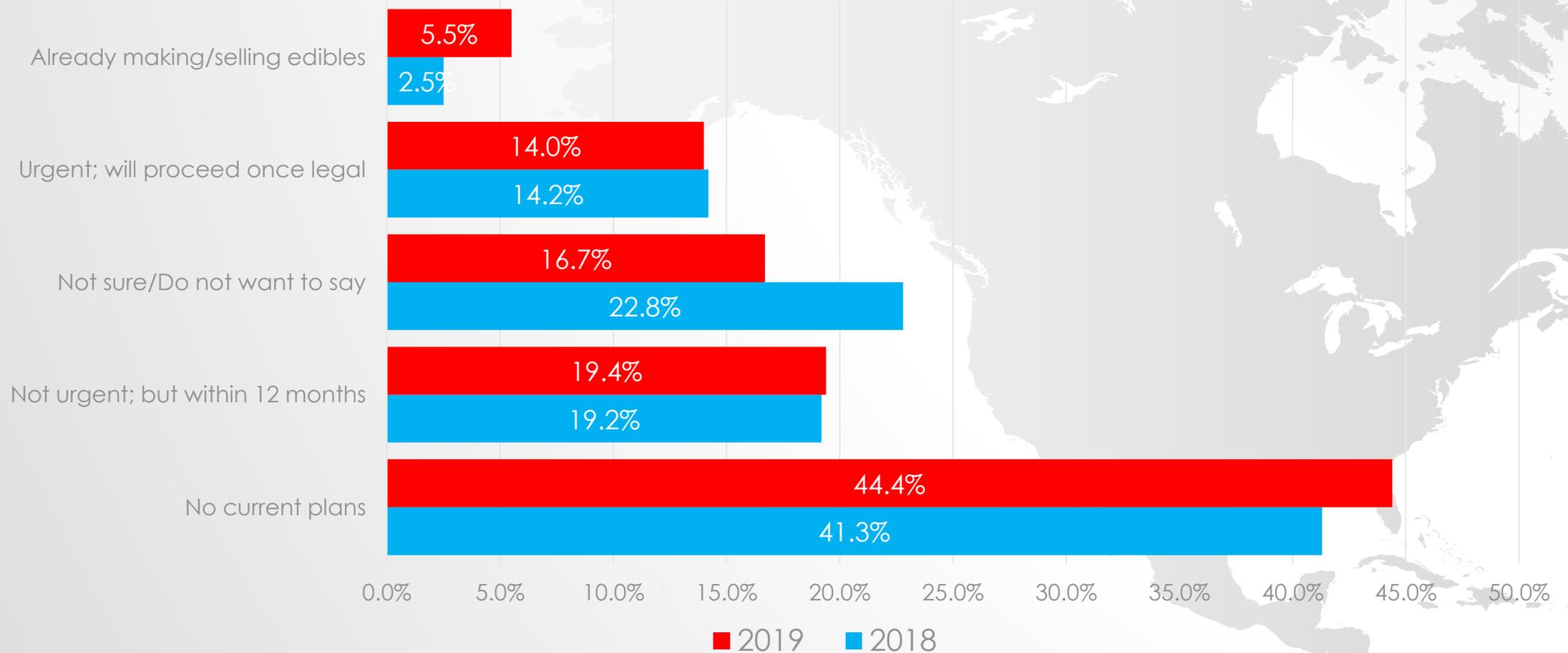
HIGH-LEVEL FINDINGS

- Processor support for legalization of cannabis has risen to over 45% versus 2018 (38%)
  - 32% of firms remain ambivalent about legalization – down from 42% in 2018
  - 66% of firms are concerned about the risk of youth access – No change from 2018

- 1 in 5 companies (19.5%) are currently planning edible products or are already in the market – Slight increase from 2018
  - Nearly half (44% vs. 41% in 2018) remain 'on the sidelines'

- Most common reason for not entering cannabis food/drink market is regulatory restrictions. 55% of respondents want looser rules. Also . . .
  - Lack of fit with corporate brand or lack of fit into product lines
  - General lack of understanding about cannabis – Partnerships!
  - Social stigma underlying many comments

WHAT IS YOUR COMPANY'S LEVEL OF SUPPORT FOR LEGALIZATION OF RECREATIONAL CANNABIS?
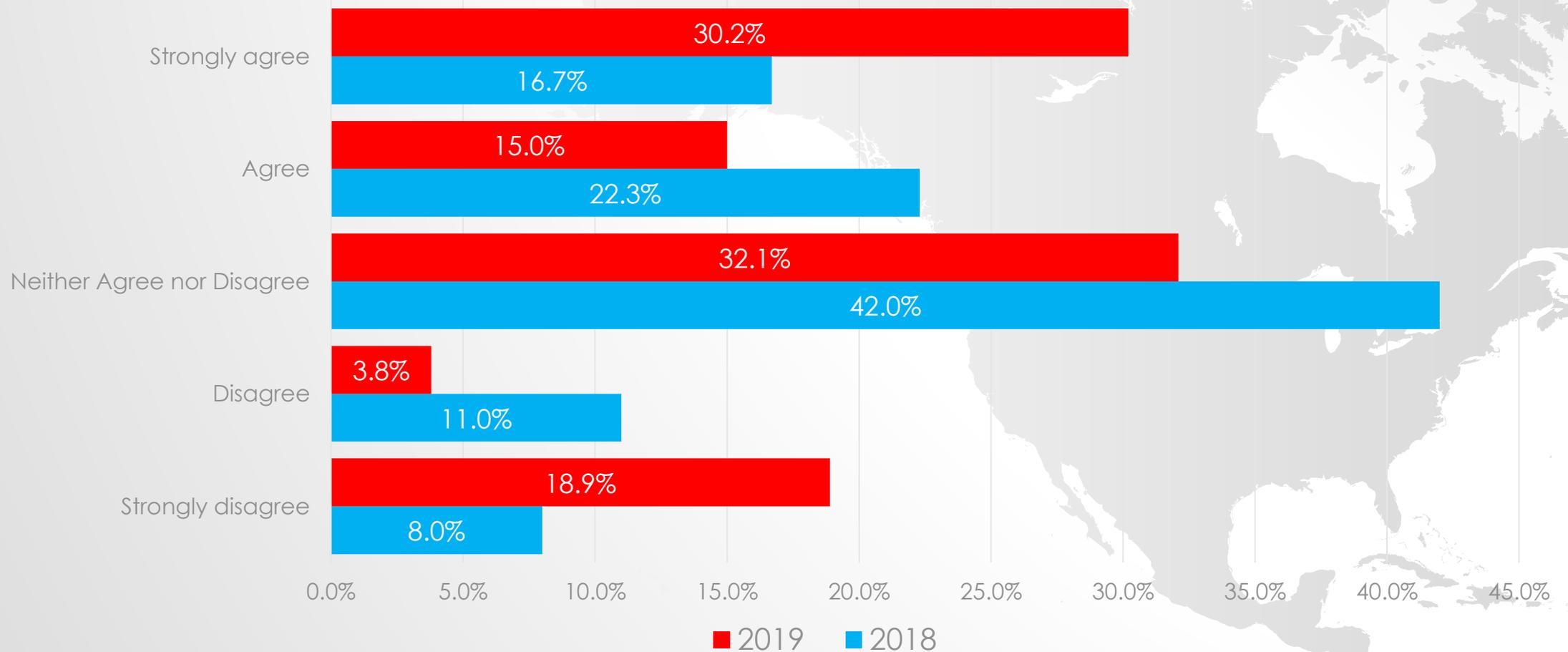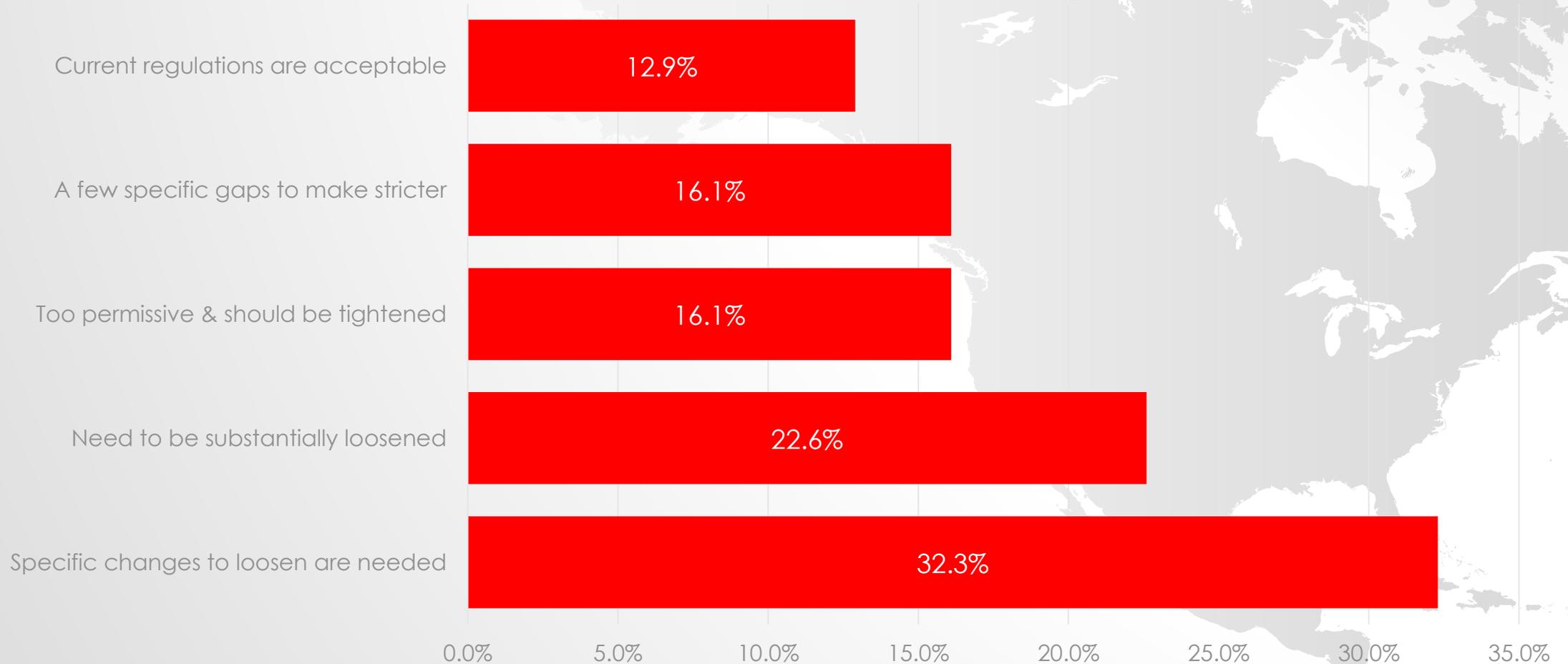

* Dalhousie University 2018/2019 surveys of Canadian processors perspectives on cannabis edibles

WHEN DO YOU PLAN TO INTRODUCE CANNABIS EDIBLES?

Already making/selling edibles
- 5.5% (2019)
- 2.5% (2018)

Urgent; will proceed once legal
- 14.0% (2019)
- 14.2% (2018)

Not sure/Do not want to say
- 16.7% (2019)
- 22.8% (2018)

Not urgent; but within 12 months
- 19.4% (2019)
- 19.2% (2018)

No current plans
- 44.4% (2019)
- 41.3% (2018)

0.0% 5.0% 10.0% 15.0% 20.0% 25.0% 30.0% 35.0% 40.0% 45.0% 50.0%

■ 2019 ■ 2018

＊ Dalhousie University 2018/2019 surveys of Canadian processors perspectives on cannabis edibles

WHAT IS YOUR PERCEPTION OF HEALTH CANADA REGULATIONS ON CANNABIS EDIBLES?

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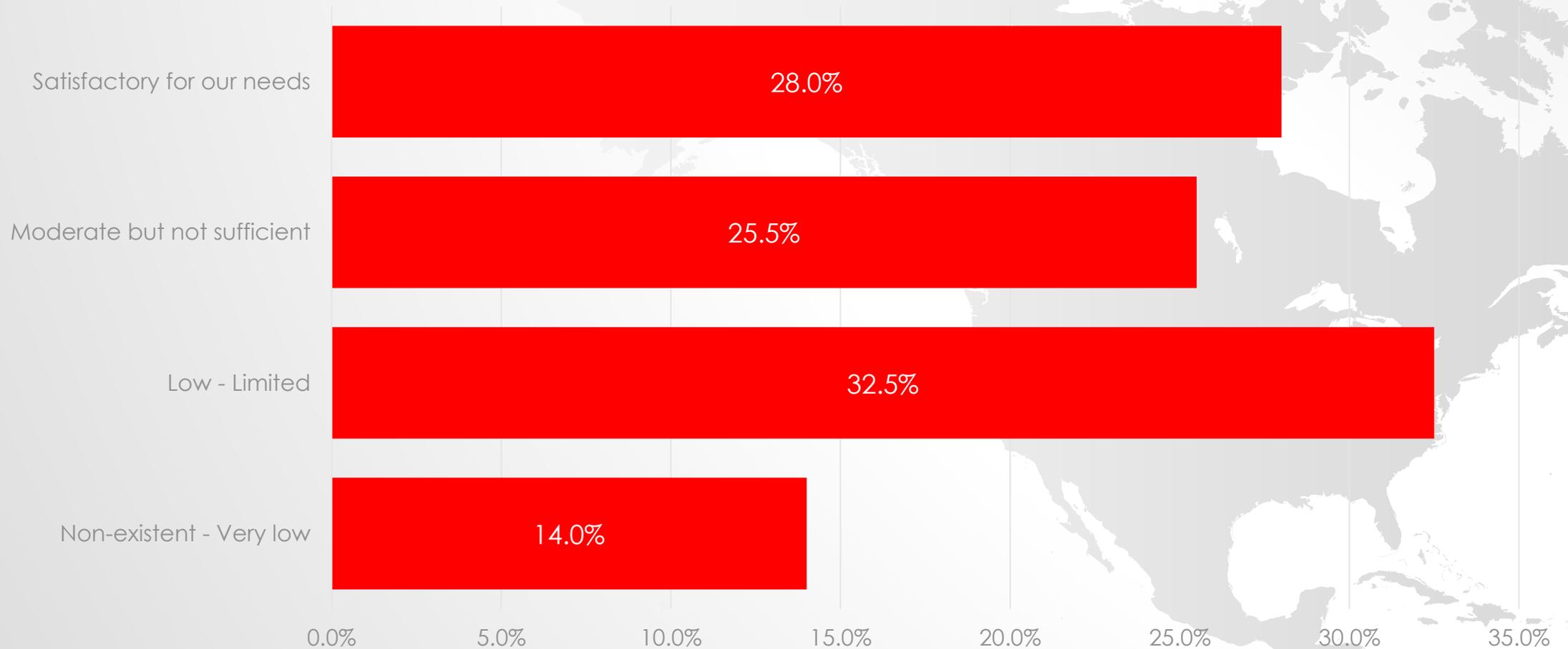
HIGH-LEVEL FINDINGS

- Based on 2019 survey data, 5 key inhibitors for processors
  1. Government restrictions/regulations on a range of activities
  2. Lack of education, fear of the unknown – need expertise
  3. Social stigma remains a concern to a notable minority
  4. Misinformation about the market, consumer choice, and cannabis generally (~20% of responses)
  5. Lack of distribution and retailing alternatives at this time

- Processors cited 5 enablers to support entering edibles market
  1. Industry's expertise with global food safety, food science and quality control (GFSI)
  2. Ability to convert consumer desires and R&D into new products – Global scale capabilities
  3. Broad market reach and distribution channels
  4. Educating the consumer and broadening awareness of science of food
  5. Relationships with regulators and experience with advocacy

HIGH LEVEL FINDINGS

- Food and beverage companies are feeling more assured in discussing and planning for cannabis edibles . . . .

- However, 73% of respondents remain uncertain about their knowledge of cannabis and cannabinoids in food

- Education in food science of cannabis and human biological response to cannabinoids may be a major marketing and promotion opportunity

HOW WOULD YOU RATE YOUR COMPANY'S KNOWLEDGE OF CANNABIS AS AN INGREDIENT?

* Dalhousie University 2019 survey of Canadian processors perspectives on cannabis edibles

HIGH-LEVEL FINDINGS

- 41% of respondents say that internal staff are their "go-to" resource
  - Up from 26% in 2018 – indicates stronger confidence with internal expertise

- Specialized consultants still account for 20% as first choice versus 25% in 2018
  - Consultants also placed strongly as second and third choice by many companies

- Licensed processors considered a strong second resource by 26% of firms

- Government resources as a first choice dropped substantially from 30% to 12%

- Academia and industry associations are not seen as top choices for resources by most processors
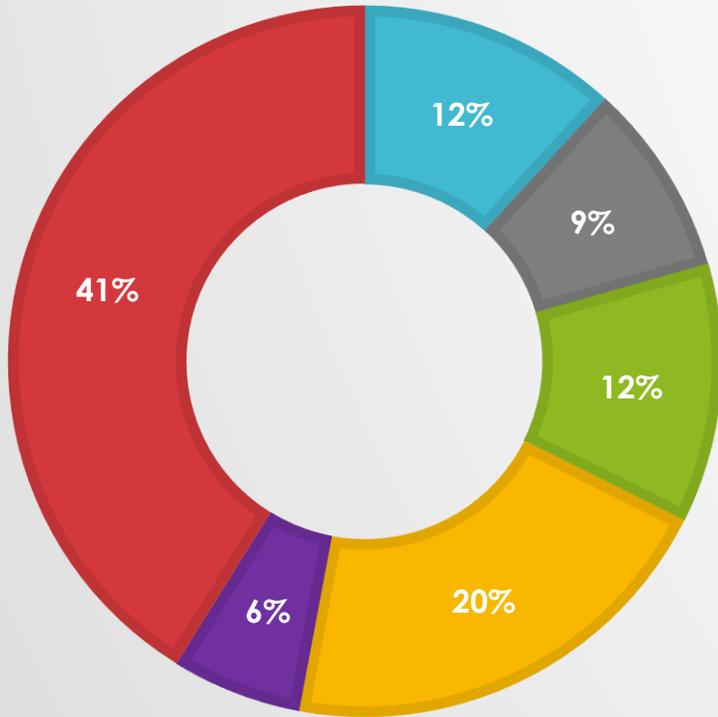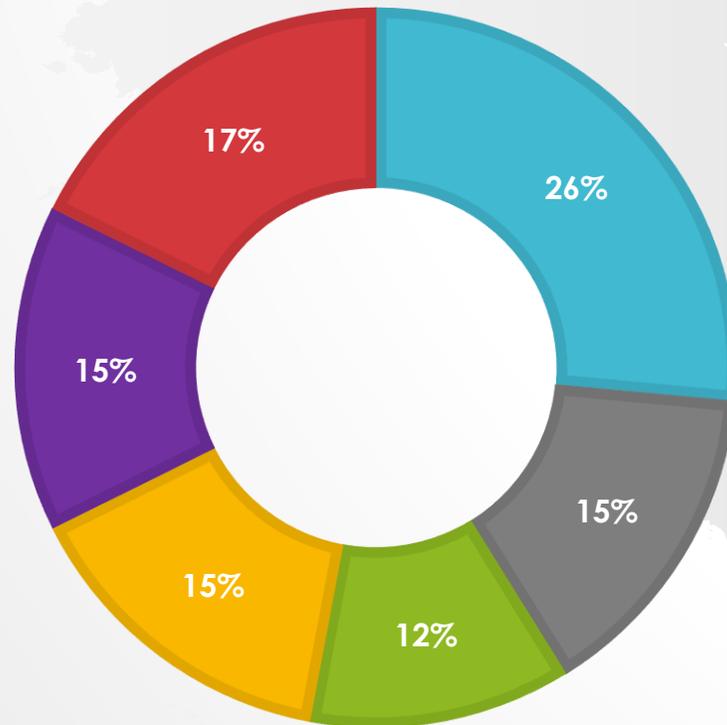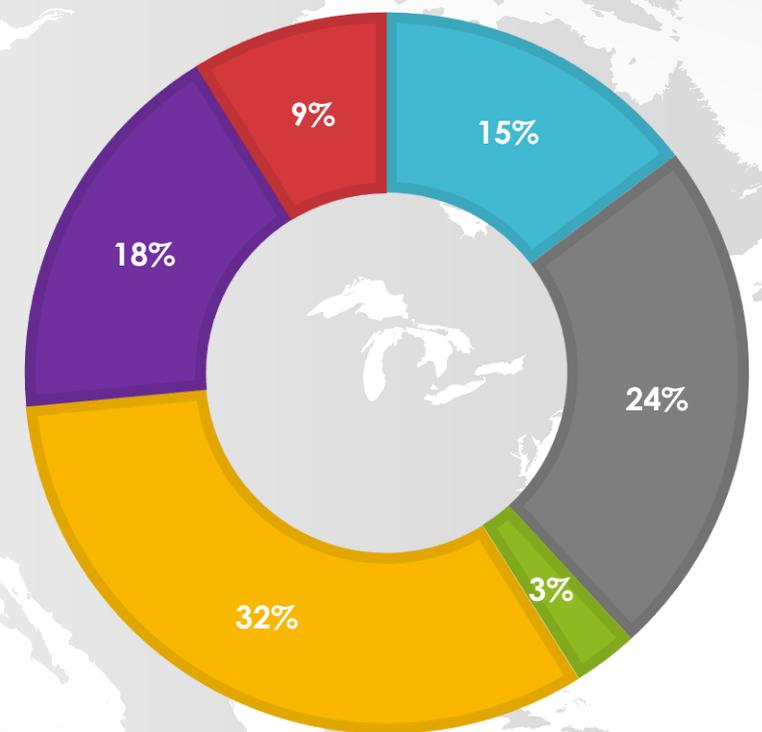
RECOMMENDATIONS

- What can we expect from food and beverage companies to cannabis as a food ingredient?
  - Partnerships are seen as essential for food companies interested in cannabis edibles
  - Companies will create new brands rather than use existing ones
  - Baked goods and ready-to-eat snacks/drinks are likely the first commercial products
  - Restaurants & food service operations may hold special events – not a major market yet

- What could governments do to improve rules for legalized edibles?
  - Edibles are food - consider how to adjust to this reality
  - Illicit goods will enter the edibles market while regulations make access to legal ones difficult
  - Encourage consumer education that moves beyond a focus on prohibition

QUESTIONS??