

# From Farm to Aisle

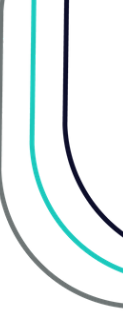
## US CBD Market

*2019 Report*



BRIGHTFIELD GROUP





# Introduction

The 2018 Farm Bill brought immense change to the industrial hemp world, legalizing the cultivation of hemp and opening the floodgates for a brand new CBD industry. With the move of hemp from the Controlled Substances list to an agricultural commodity, numerous companies had the confidence to enter the CBD space. Q2 saw large retailers like CVS and Walgreens introduce CBD products in select states, signaling to the rest of the country that CBD is going mainstream. 2019 is shaping up to be a massive year for cannabidiol (CBD), leading to just over a \$4 billion industry by end of year – a 562% increase over 2018. By 2025, Brightfield Group estimates that the total U.S. CBD market could reach \$24.4 billion.

CBD's first year is going well so far. But what are the key barriers? While the FDA (Food and Drug Administration) held a meeting on May 31st, 2019, aimed at helping the agency collect more information from the public to inform its policymaking, there are still numerous steps that need be taken in order for businesses to have clear, legal pathways for market entry. As the FDA has stated that CBD cannot be marketed as a dietary supplement or added to food and beverages, many manufacturers and retailers are waiting for the FDA to give the green light to the use of CBD in ingestibles. One barrier that the industry is beginning to overcome is consumer education and awareness. With increased product availability, growing wellness trends, and the proliferation of numerous product segments, consumers have greater access and awareness to more CBD products that fit their needs. This consumer awareness has led to rapid revenue increases for CBD brands, drastically changing the business landscape and who sits at the top of the market.

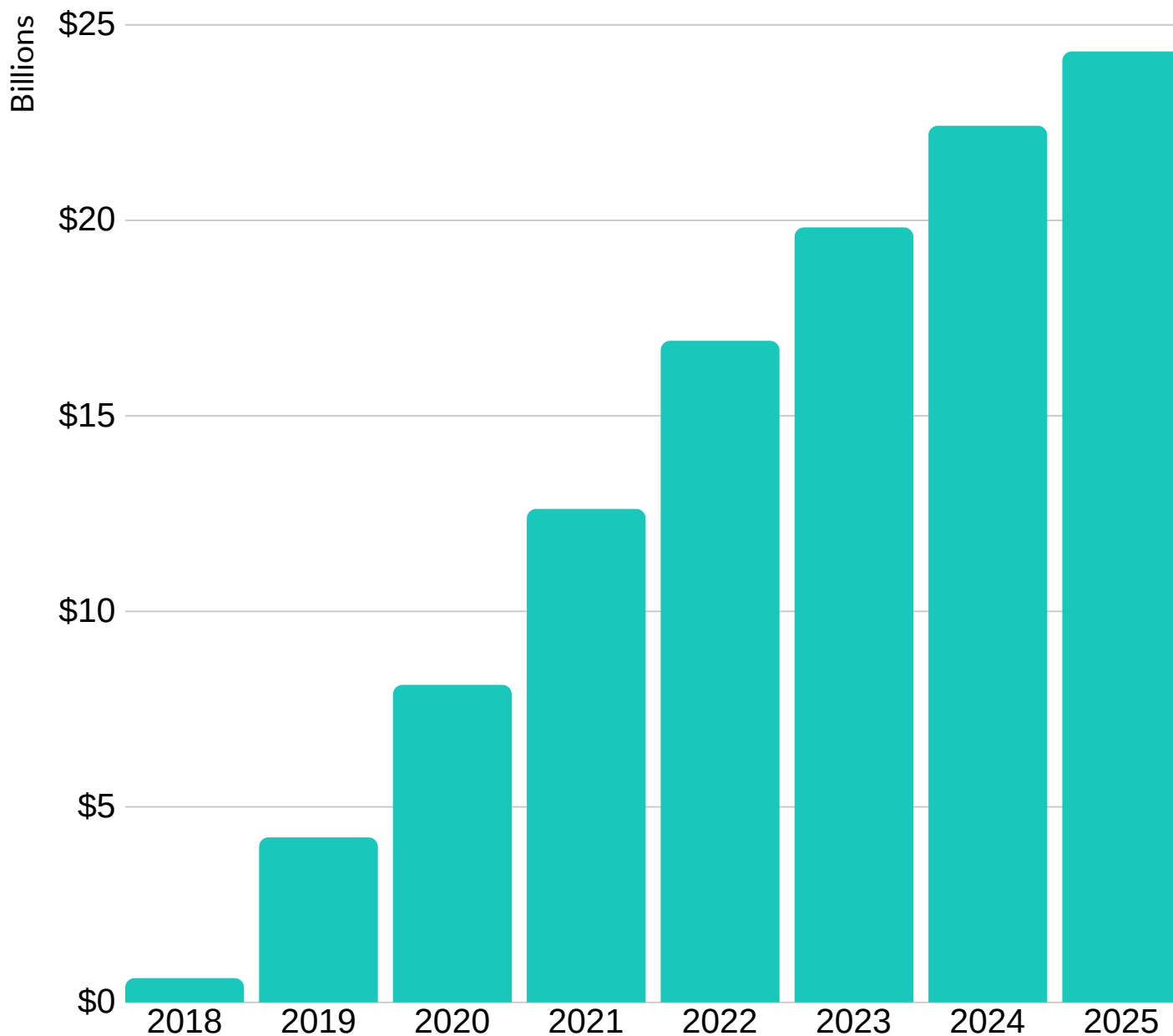
As CBD has transformed from a niche product to a full-blown, more normalized (and less stigmatized) mainstream wellness product available in various known retail channels, it is reaching tens of millions more consumers across the age, gender, regional, and political spectrum.

## What is driving the massive growth for 2019?

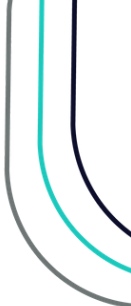
Historically, online sales have been the primary distribution channel for the CBD market. In fact, 35% of sales were online in 2017. Today, however, the primary cause of market growth is the entrance of chained retailers. Large pharmacy, retail, and grocery chains are entering the market with a wide variety of large-scale pilot programs. Given their reach, scalability and mainstream familiarity, those in this distribution channel are expected to garner 26% of market revenues in 2019.



Over the short- to medium-term, we expect expansion across both pharmacy and grocery as well as the emergence of supercenters, gyms, pet stores, and other big box retailers.



Source: Brightfield Group



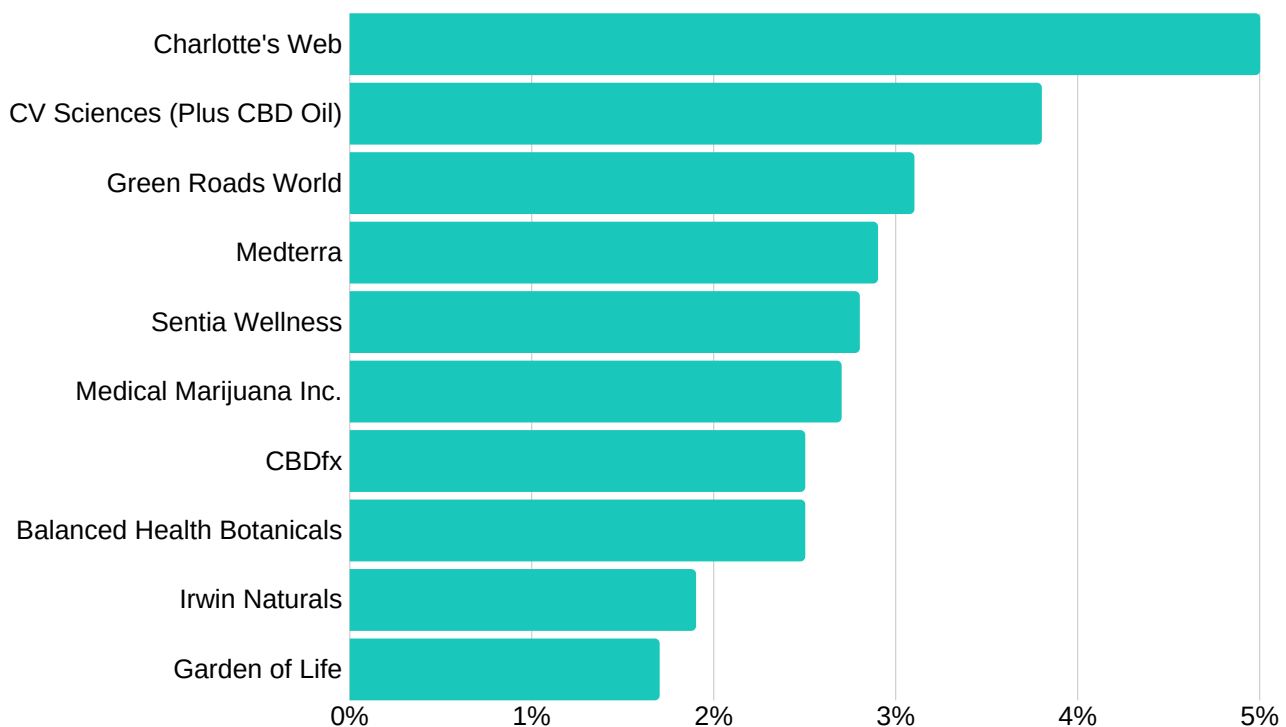
# What does the business landscape look like?

The passage of the 2018 Farm Bill has led to a massive shakeup in the CBD space. The U.S. CBD market has seen a wave of new entrants, leading to increasing fragmentation. There are now more than 3,500 CBD brands operating in the space, with many more sophisticated players developing.

Existing market leaders Charlotte's Web, CV Sciences and Green Roads World are holding onto their positions as the top companies in CBD, while previous market leaders are being disrupted by:

- Well-branded and well-funded cannabis companies like Curaleaf and Columbia Care jumping into the space and expanding quickly. Canadian LPs including Tilray, Aurora Cannabis, and Canopy Growth have also entered the U.S. CBD market.
- Supplements companies, like Irwin Naturals and Barlean's, leveraging their existing distribution networks.
- A cadre of savvy, young CBD entrepreneurs, like cbdMD and Medterra effectively leveraging marketing and PR tools to rapidly drive brand awareness and digital sales, emphasizing the importance of digital marketing in this growing market.

## Top 10 CBD Companies



Source: Brightfield Group

We're Brightfield Group, and we provide consumer insights and market intelligence for the CBD and Cannabis industries. Fusing intelligent machines with real human analysis, we help you navigate the dynamic CBD and Cannabis markets as data-driven storytellers. With us, you don't just get the numbers; you get a trusted partner, providing a robust picture of the landscape and an actionable plan for the road ahead. See what our products can do for you at [www.brightfieldgroup.com](http://www.brightfieldgroup.com).

