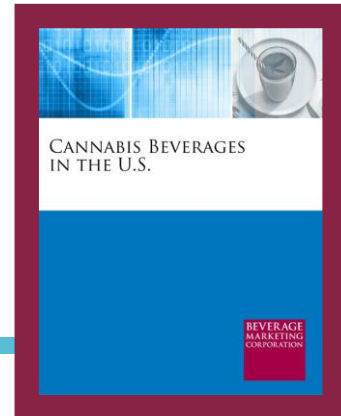


# CANNABIS BEVERAGES IN THE U.S.

2024 EDITION (Published June 2024. Data through 2023. Market projections through 2028.) More than 50 pages, with extensive text analysis, graphs, charts and tables.



**C**annabis-infused beverages and edibles – the next great market disruptors – are here. As legalization becomes more widespread, the hurdles to growth diminish. Though the possibilities are endless, previous disappointment and delays have taken their toll on entrepreneurs and market veterans alike, resulting in a cautious approach to the segment. In this market report, Beverage Marketing Corporation helps entrepreneurs, market veterans and investors get their arms around the U.S. cannabis beverage and edibles opportunity. Its size, the remaining hurdles, progress to date and forecasts for the future of the CBD and THC beverage industry. Market data, a look at new products and market projections for THC vs. CBD... It's all here.

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## INSIDE:

### REPORT OVERVIEW

A brief discussion of key features of this report. **2**

### TABLE OF CONTENTS

A detailed outline of this report's contents and data tables. **7**

### SAMPLE TEXT AND INFOGRAPHICS

A few examples of this report's text, data content layout and style. **9**



**HAVE QUESTIONS?**

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The legalization of medicinal and recreational marijuana and hemp-based products continues, with more U.S. states coming on board. Like the Wild West and the Gold Rush of America's past, both the potential risks and rewards are uncharted and unprecedented. Some have proceeded with caution while others have jumped in head-first. Entrepreneurs, large, traditional food and beverage companies, traditional and non-traditional beverage distributors and investors will continue to explore and experiment to find the best way to make their mark. However, the category has faced regulatory headwinds, giving marketers more time to develop a strategy to take advantage of the new paradigm in functional and recreational cannabis-infused edibles and beverages – or risk being left behind. Either way, it's an issue that can't be ignored. Cannabis products will impact the marketplace around them, competing not only with each other but with segments that meet similar need states. At the same time they will offer an opportunity for collaboration, revitalization and innovation through new product entries and line extensions.

For those who have already entered the market or those considering getting in on the ground floor, this report from Beverage Marketing Corporation provides the information necessary to assess the hurdles and analyze the risks and rewards. This report will be of great interest to entrepreneurs looking to enhance their business plans, larger food and beverage companies or investors seeking to seize the opportunity and assess the early market entrants. It will also be helpful to industry suppliers, consultants and others needing to get a feel for what is coming down the road. From products, to technological advances in formulation, to potential strategic initiatives that may be worth considering, this BMC report will quench the thirst for a deep understanding of opportunities in the CBD- and THC-infused market in general and in beverages in particular.

## THE ANSWERS YOU NEED

This insightful market report measures retail dollar sales and discusses key issues in the cannabis and cannabis beverage markets. BMC's exclusive five-year projections are also included. Questions answered include:

- What is the size of the cannabis opportunity? What is the value and projected size of a legalized market for cannabis products in general and beverage products in particular?
- What is the difference between CBD and THC, and what are the market dynamics underpinning both?
- How big is the cannabis market and its CBD and THC segments? How do the market shares of CBD and THC differ when looking at the cannabis market in general and the beverage segment specifically? Which segment is likely to grow more quickly to 2028? Is one segment inclined to have more staying power?
- What are some of the formulation, regulatory and educational hurdles facing makers of cannabis-infused edibles and beverages? What are some of the possible solutions on the horizon?
- Which are the noteworthy cannabis beverage brands so far and how have they been positioned to withstand the challenge of big companies expected to enter the market? What moves have the larger companies made to date to ready themselves to fully take advantage of this opportunity?
- How much is the cannabis beverage market expected to grow in the next five years? What are the growth drivers going forward? (Ditto for the legal cannabis market as a whole.)
- How has the legal and regulatory environment changed in the past several years? What is the likelihood of legalization at the federal level, and when?

## THIS REPORT FEATURES

This report examines the very rare case of an industry that is transitioning from mostly illegal to mostly legal, which not only has societal implications but also an impact on beverage segments such as beer, wine and spirits, as well as on functionally-oriented, no-alcohol drinks. This presentation discusses the main product segments of the fledgling legal cannabis market, and details legal and regulatory issues regarding marijuana and hemp in Canada and the U.S.

After outlining this context, the report describes the two main segments of the U.S. cannabis beverage market – no-alcohol CBD beverages and no-alcohol THC beverages – and touches on the challenges facing a third segment – CBD-infused alcohol beverages. In this report, readers get a thorough understanding of all facets of the nascent cannabis beverage market including:

- Retail dollar sales of the cannabis market and the cannabis beverage market by segment going back to 2016.
- Discussion of the main competitors and their product lines, as well as their strategies and competitive advantages. Also discusses raw material suppliers and formulation breakthroughs. Companies and brands covered include Cann/Sweet Reason, Wynk/Countdown, Recess, Daytrip, Vybes, Ceria, Weller, Sprig, Kalo, Wnder, CBD Living, Cloud Water, Defy, Mad Tasty, Trip Hemp, Sati, Altitude, Loki, Cann-Ade, Stay Co, Gym Weed, Centr, Harney & Sons, Bimble, TreTap and others in the CBD and THC arenas.
- Analysis of the prospects of the cannabis and cannabis beverage markets in the next five years, with Beverage Marketing's retail dollar sales category projections to 2028.



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MARKETING  
CORPORATION

# Cannabis Beverages in the U.S.

June 2024

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**NOTE:** The information contained in this report is confidential and solely intended for the benefit of the immediate recipient hereof.

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# Contents

## Table of Contents

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**Cannabis Beverages in the U.S.**  
**TABLE OF CONTENTS**

---

TABLE OF CONTENTS -----	i
INTRODUCTION -----	iii

---

## Summary

---

### **THE CANNABIS BEVERAGE MARKET**

The Cannabis Beverage Market-----	1
• Overview -----	1
• Retail Dollar Sales -----	6
Leading Companies and Brands -----	10
• <b>Cann/Sweet Reason</b> -----	10
• <b>Wynk/Countdown</b> -----	11
• <b>Recess</b> -----	12
• <b>Daytrip</b> -----	13
• <b>Vybes</b> -----	14
• <b>Ceria</b> -----	16
• <b>Weller</b> -----	17
• <b>Sprig</b> -----	18
• <b>Kalo</b> -----	20
• <b>Wnder</b> -----	21
• <b>CBD Living</b> -----	22
• <b>Cloud Water</b> -----	22
• <b>Defy</b> -----	23
• <b>Mad Tasty</b> -----	25
• <b>Trip Hemp</b> -----	25
• <b>Sati</b> -----	26
• <b>Altitude</b> -----	27
• <b>Loki</b> -----	28
• <b>Cann-Ade</b> -----	29
• <b>Stay Cool</b> -----	29
• <b>Gym Weed</b> -----	30
• <b>Centr</b> -----	31
• <b>Harney &amp; Sons</b> -----	32
• <b>Bimble</b> -----	32
• <b>TreTap</b> -----	33
• <b>Other CBD Beverage Brands</b> -----	33
• <b>Other THC Beverage Brands</b> -----	37
The Projected Cannabis Beverage Market -----	49

---

**Cannabis Beverages in the U.S.**  
**TABLE OF CONTENTS**

---

**Summary**

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**THE CANNABIS BEVERAGE MARKET (cont'd)**

***Exhibits***

1	U.S. Cannabis Market Retail Sales and Change 2016 – 2028-----	53
2	U.S. Cannabis Market Retail Sales by Type 2016 – 2028 -----	54
3	U.S. Cannabis Market Share of Retail Sales by Type 2016 – 2028 -----	55
4	U.S. Cannabis Market Change in Retail Sales by Type 2017 – 2028 -----	56
5	U.S. Cannabis-Infused Beverage Market Retail Sales and Change 2016 – 2028 -----	57
6	U.S. Cannabis-Infused Beverage Market Retail Sales by Type 2016 – 2028-----	58
7	U.S. Cannabis-Infused Beverage Market Share of Retail Sales by Type 2016 – 2028-	59
8	U.S. Cannabis-Infused Beverage Market Change in Retail Sales by Type 2017 – 2028	60



A few words first on the regulatory situation. The Agricultural Improvement Act of 2018, as the farm bill was formally called, exempted industrial hemp containing less than 0.3% THC (by dry weight) from the definition of marijuana as a Schedule 1 drug under the Controlled Substances Act (1970) — in essence, allowing hemp farming across the country. Put another way, the law applies only to hemp and does not apply to marijuana, which remains a Schedule 1 drug. Oversight of hemp production is with the U.S. Department of Agriculture (USDA).

- The passage of the bill seemingly gave marketers the green light to formulate CBD products such as beverages, edibles, and lotions. However, the legal status of CBD is unsettled. Certain states have already passed laws approving the use of CBD while others have not.
- In addition, certain municipalities such as New York City, Portland (Maine) and Cincinnati have taken aggressive stances, pulling CBD items from store shelves, or prohibiting them from being added to drinks at bars and restaurants, although the frenzy of enforcement seems to have abated amid higher priorities during the pandemic.
- Furthermore, the Food and Drug Administration (FDA) is still in the process of formulating rules regarding the use of CBD in foods and beverages. Former FDA Commissioner Scott Gottlieb reminded interested parties that, despite the passage of the Farm Bill, the federal agency still had domain over food and drugs. Gottlieb, who left the FDA post in 2019, had warned before leaving that the FDA's limited resources for enforcement should not be construed as "an invitation for people to continue marketing [CBD] products." In fact, under Gottlieb, the FDA had raided a few smoke shops and beverage co-packers in order to confiscate CBD products. CBD proponents have given up trying to predict when the FDA might move.
- What should be fairly straightforward is complicated by the fact that in June 2018 the FDA approved a prescription CBD called Epidiolex to treat rare forms of epilepsy. In other words, the question arises whether marketers of CBD should be able to sell products that infringe on the profits of an approved FDA drug. And there has been considerable confusion over a seemingly overlooked CBD variant called Delta-9. Indeed, Minnesota has turned into something of a freewheeling laboratory of Delta-9 experimentation, with psychoactive beverages routinely listed on restaurant and bar menus and scores of craft brewers entering the segment, so far with no glaring adverse consequences.
- Not least, some companies are pursuing an interesting workaround of mimicking the experience of CBD or THC using terpenes sourced from common items like grapefruits that are not restricted, as brands like Good Herb Soda have done.

- The FDA held its first public hearings on CBD in food and beverages in late May 2019, and the industry has been awaiting further guidance, even as the pandemic has pushed the issue further down on the list of priorities. One possible outcome is for the FDA to “split the baby in half”: i.e., limit the amount of CBD that could be added to food and beverages to 10 or 20 milligrams per single serving. If this were to occur, it would not necessarily dampen expectations for CBD foods and beverages. At the state level, New York, for one, has opted for a 25 mg limit, at the top range of what beverage makers employ (most beverages contain 10–15 mg).

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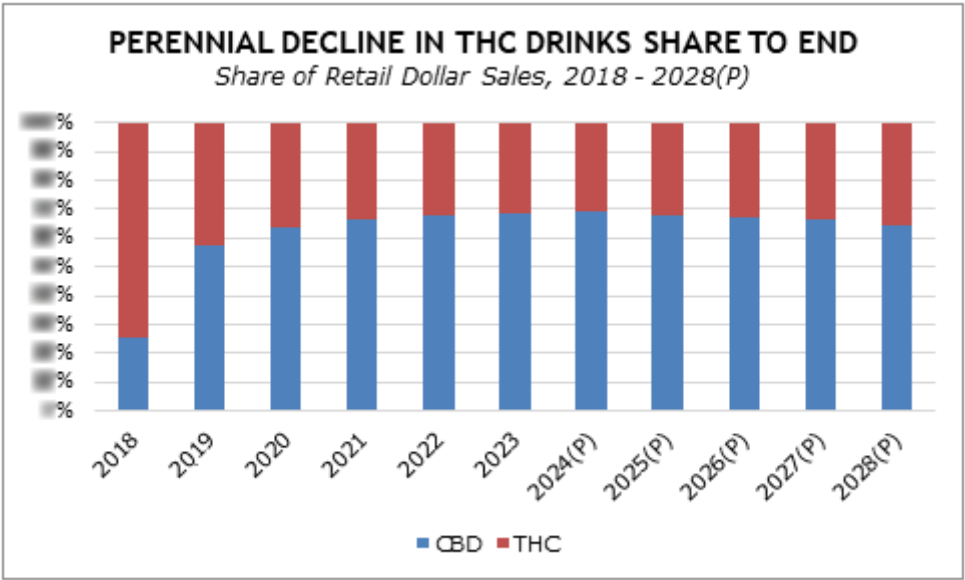
**Exhibit 3**

**U.S. CANNABIS MARKET  
SHARE OF RETAIL SALES BY TYPE  
2016 – 2028(P)**

<b>Year</b>	<b>CBD</b>	<b>Non-CBD</b>	<b>Total</b>
2016	███ %	█████ %	██████ %
2017	███ %	█████ %	██████ %
2018	███ %	█████ %	██████ %
2019	███ %	█████ %	██████ %
2020	███ %	█████ %	██████ %
2021	███ %	█████ %	██████ %
2022	███ %	█████ %	██████ %
2023	███ %	█████ %	██████ %
2024(P)	███ %	█████ %	██████ %
2025(P)	███ %	█████ %	██████ %
2026(P)	███ %	█████ %	██████ %
2027(P)	███ %	█████ %	██████ %
2028(P)	███ %	█████ %	██████ %

*(P) Projected*

*Source: Beverage Marketing Corporation*



Source: Beverage Marketing Corporation