

Distilling the Rise of CBD

An in-depth study of consumer perceptions and behaviors surrounding the rise of CBD in the UK and U.S.

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Unless otherwise noted all figures in this report are drawn from GlobalWebIndex's online research among internet users aged 16-64. Please note that we only interview respondents aged 16-64 and our figures are representative of the online populations of each market, not its total population.

Something different and exciting has been appearing on convenience store counters across the U.S. It's made its way into gummy snacks, lip balm, and vape products. It holds promises of helping us clear our skin, improve our sleep, and reduce our dogs' anxiety levels. This new "miracle drug" is CBD, and the buzz around it has developed far more rapidly than government regulation, or even our own knowledge, of the substance.

But what is CBD? The confusion around this substance and its legal status, as it is commonly associated with marijuana, has left many consumers scratching their heads. An extract that can be derived from either hemp or cannabis plants, CBD, short for cannabidiol, is non-psychoactive in nature – meaning that it does not

produce the psychological impairment characteristic of marijuana.

What CBD does produce, according to its advocates in the industry is relief from certain psychological and physical symptoms. CBD has been touted as an anxiety treatment and pain reliever, two of the most common uses for its products. The jury is still out on the science behind these claims.

But that has not dampened the rapidly growing industry around this substance, with both new and established brands infusing common consumer products with CBD at an explosive rate. By 2022, the hemp-derived CBD market is expected to hit a projected value of **\$22 billion**. Through an exploration of historical and social factors, consumer perceptions, and the influence of more established industries, we will analyze the opportunity for brands in this high-risk, high-reward market.



BILLION

Why now?

The Anxiety Economy and Alternative Health

Analyzing the growth of the CBD industry, and the cannabis industry as a whole, requires first examining one of the major consumer trends fueling it - the evolution of health and wellness. Between 2012 and 2017, the global wellness industry grew an estimated 12.8% - amounting to a market now valued at over **\$4 trillion**. And much of that is underpinned by a growing problem among American consumers: anxiety.

40 million adults in the United States, approximately 18% of the population, now suffer from an anxiety disorder, according to the **Anxiety and Depression Association of America**. Already the most common mental health issue, rates of anxiety in the U.S. **are on the rise**. And while most anxiety disorders are highly treatable, the vast majority of those suffering are not getting help. This is especially true among the growing body of Americans struggling with moderate rather than severe, unmanageable anxiety that drives people toward pharmaceutical solutions.

The market has responded to this, leading to what has been aptly termed the "anxiety economy," a marketplace **"composed of aromatherapy vapes, essential oils, and other products designed to calm us down"**. Our data reveals that **2 out of 3 U.S. internet users are regularly practicing some type of alternative health/wellness routine**, many of which are associated with stress relief. The most popular of these are using herbal supplements, essential oils, and meditation.

In this growing industry, CBD is well-positioned to give stressed-out consumers exactly what they're



55% of those who would consider using CBD products in the U.S. are motivated by a desire to relieve stress

◀ % who practice the following on at least a monthly basis

Question: Which of the following personal health/wellness activities do you engage in on a monthly basis or more often? **Base:** 1,823 U.S. internet users aged 21-64 **Source:** GlobalWebIndex May 2019

crying out for. Based on our study of CBD perceptions and usage, a key motivator among those who would consider using CBD products is to relieve stress.

Shifting Societal Attitudes

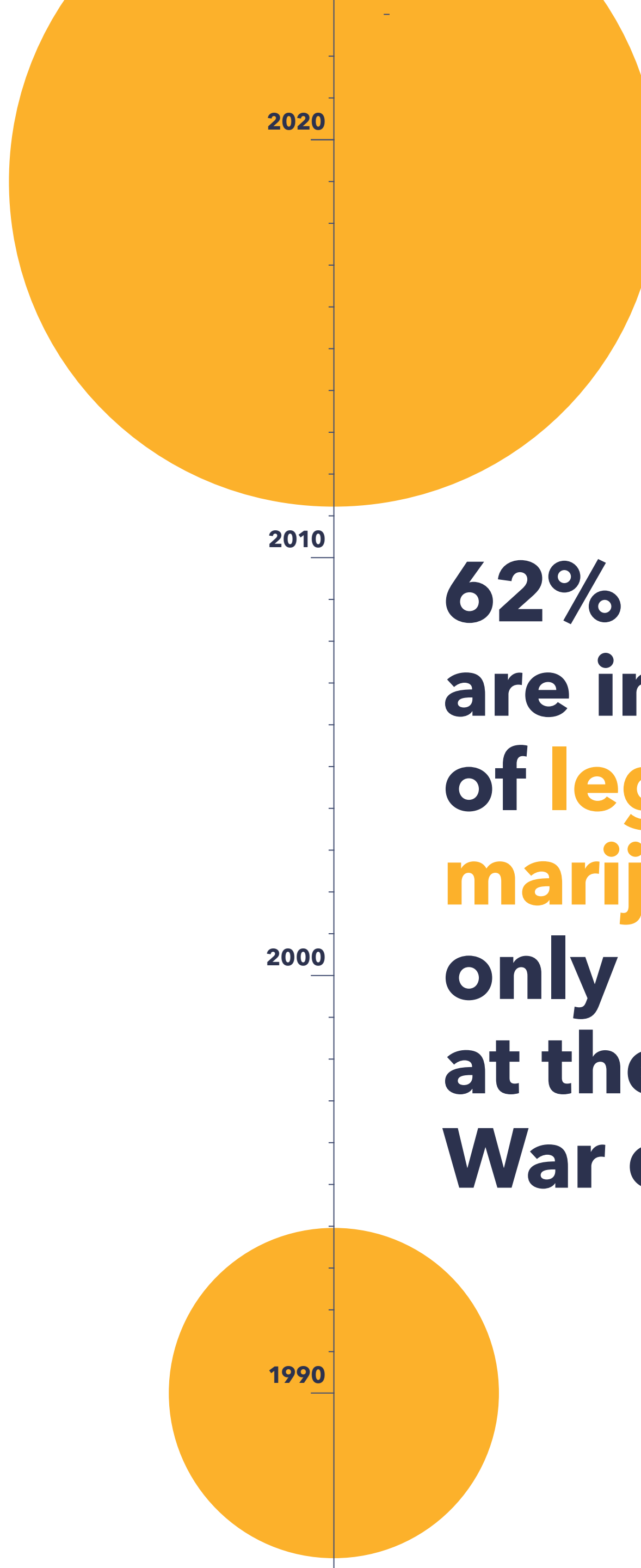
Much of the confusion toward CBD has stemmed from its association with marijuana. However, CBD is itself distinct from THC, the psychoactive compound in many cannabis-derived products. This association, and the way that social attitudes toward the usage of recreational drugs have been evolving, helps us to understand why this has become a pivotal

moment for the CBD industry to emerge.

The 1960s and 1970s saw a flourishing of liberal ideology and social justice movements in the United States, with Civil Rights, Women's Liberation, and anti-war sentiment toward the Vietnam War defining much of the activism of these decades. The Nixon Administration of the early 1970s heralded a backlash to this progressive activism and a realignment with more conservative, pro-government values. In 1971, President Nixon declared the War on Drugs, and vast federal resources were siphoned off to create governmental agencies policing drug use, such as the DEA. Modern critiques of the War

on Drugs now recognize its use as a tool to help the government suppress **both the anti-war left and poor communities of color.**

With the arrival of the Regan administration in the 1980s, the War on Drugs took on a level of unprecedented public vilification and began the era of mass incarceration in the U.S. Rates of incarceration for nonviolent drug offenses skyrocketed, going from 50,000 in 1980 to over 400,000 by 1997. Black and Latino communities were **disproportionately affected** by these policies. Public hysteria toward drugs climbed – with a national poll finding that the number of Americans who considered drug



62% of Americans are in favor of legalizing marijuana up from only 16% in 1990, at the height of the War on Drugs.

abuse to be the nation's "number one problem" jumped from 2-6% in 1985 to 64% in 1989.

The War on Drugs has left a very real and lasting legacy on social problems in the U.S., such as the **culture of mass incarceration** that developed as a result of stringent drug policies. However, the tide of popular opinion has been shifting since the early 2000s toward a more sensible, rather than fear-based, approach. According to the Pew Research Center, **62%** of Americans are in favor of legalizing marijuana, up from only 16% in 1990 at the height of the War on Drugs. Additionally, the National Institute of Health's Monitoring the

Future survey found that in 1990, 81% of 12th graders disapproved of people smoking marijuana occasionally; by 2018 that figure had dropped to **49%**.

Government Intervention

As relaxing attitudes have coincided with evolutions in health and wellness, the social environment has become ripe for products like CBD. Accelerating this industry's development is one very important added factor: government intervention.

In late December 2018, President Donald Trump signed the 2019 Farm Bill into law. This extensive package of agricultural

policies and initiatives included the legalization of hemp farming, the main plant from which CBD is extracted. Additionally, the Bill provides financial aid to stimulate hemp's transition into a commodity crop.

While this legislation has truly been a milestone – essentially opening the floodgates for this industry – the lack of proper government regulation is still holding it back. The Food and Drug Administration (FDA), the U.S.'s powerful consumer protection and regulatory agency, has yet to establish any sort of regulatory framework for CBD. On May 31st, the FDA held a hearing where 120 stakeholders from various sides



The 2019 Farm Bill is opening the floodgates to an industry on the brink of explosion.

of the industry provided over 10 hours of testimony on CBD. The results of this hearing, the first of its kind and an important step toward federal regulation, revealed just how much we still do not know about CBD. From dosage standards, to the effects of CBD on pregnancy, to risks associated with long-term usage, all of these questions require the rigorous testing of clinical trials to properly clarify.

Despite this lack of science, the CBD industry continues to churn faster than the government can keep up with it – and exploring the minds of the consumers who use it is key to understanding why.

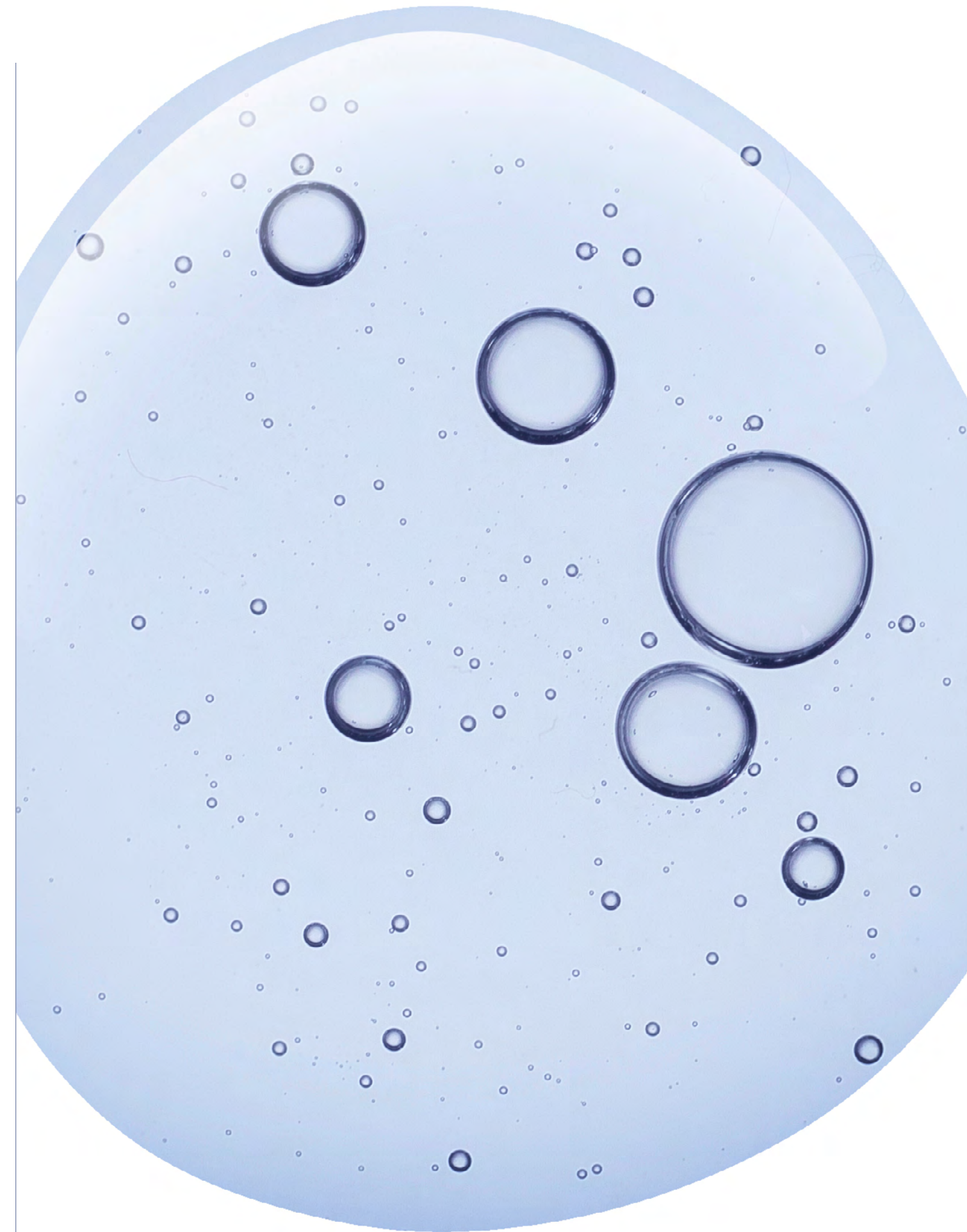
Consumer perspectives

The Modern Miracle Drug

From vape pens to facial moisturizers to pet supplements, the spread of CBD in consumer products spans across many different industries. Makers of ingestible CBD products, both of the animal and human variety, tout its use for providing a sense of calm, while producers in the burgeoning CBD skincare industry emphasize its anti-aging and acne-reduction benefits. But to what extent are these claims valid? Without the backing of the FDA, it's difficult to know for sure.

The lack of scientific rigor has not thwarted consumer interest, however. Two-thirds of U.S. internet users say that they would consider using CBD-infused products. In the less-developed UK market, about half of users are still inclined to consider CBD.

Nor has the uncertainty around CBD dented consumer confidence. Our study of attitudes in the U.S. and UK indicates that the majority of internet users from both regions believe that CBD is at least somewhat effective at alleviating the symptoms of anxiety-related mental health issues.



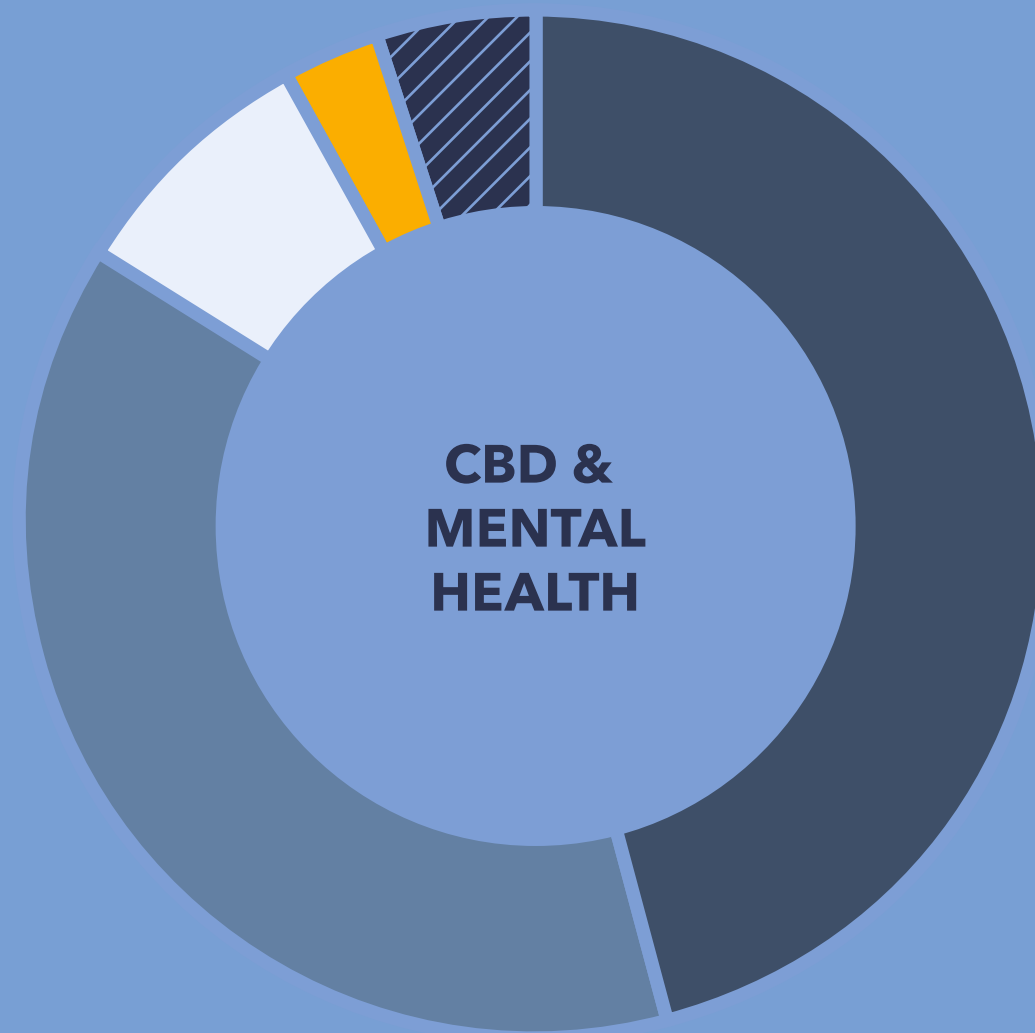
64% of U.S. internet users and 51% of UK internet users would consider using CBD-infused products.

The rate of those who see CBD as effective for physical health issues, such as cramps or muscle soreness, is even higher. Among those who have actually tried CBD, 86% in the U.S. believe it to be effective for physical ailments and 84% believe it to be effective for mental health symptoms.

These results highlight the striking success of the CBD industry in establishing a baseline level of credibility before any big-name, reputable brands have even had a chance to enter the fray. Additionally, this shows the power that many small, independent brands can have in shaping consumer demand during the early stages of a market's development. Uninhibited by the potential legal challenges that could devastate an established, household brand name in the unregulated CBD economy, these independent brands have been in prime position to both create and benefit from the narrative of CBD as a "modern miracle drug."

PERCEPTIONS OF CBD'S EFFECTIVENESS

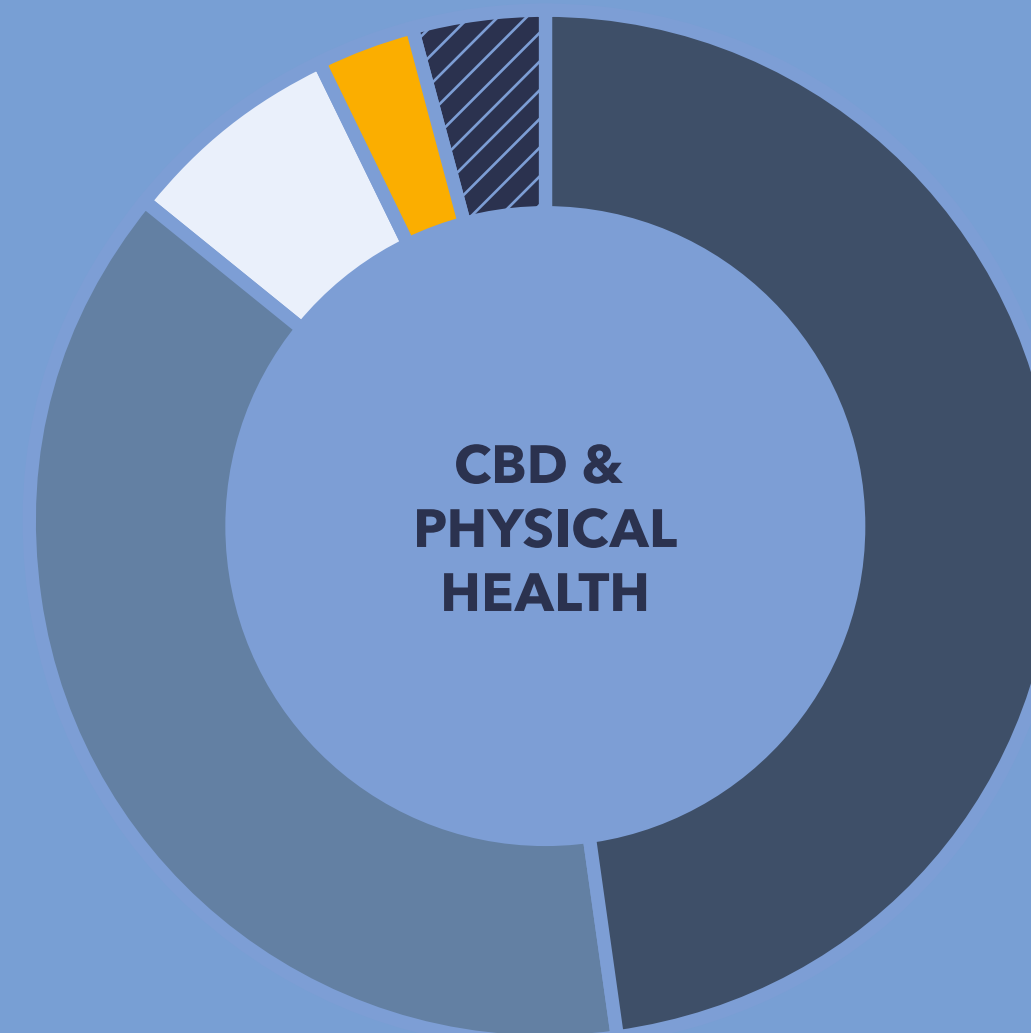
Over 80% of users feel that CBD is effective at alleviating certain mental health conditions.



% of U.S. CBD users who think CBD is effective/ineffective at alleviating certain mental health conditions

● Very effective	46%
● Somewhat effective	38%
● Neutral	8%
● Not very/at all effective	3%
● Don't know	5%

Nearly 50% of users feel that CBD is very effective at alleviating physical health symptoms.



% of U.S. CBD users who think CBD is effective/ineffective at alleviating physical pain, cramps, muscle soreness etc...

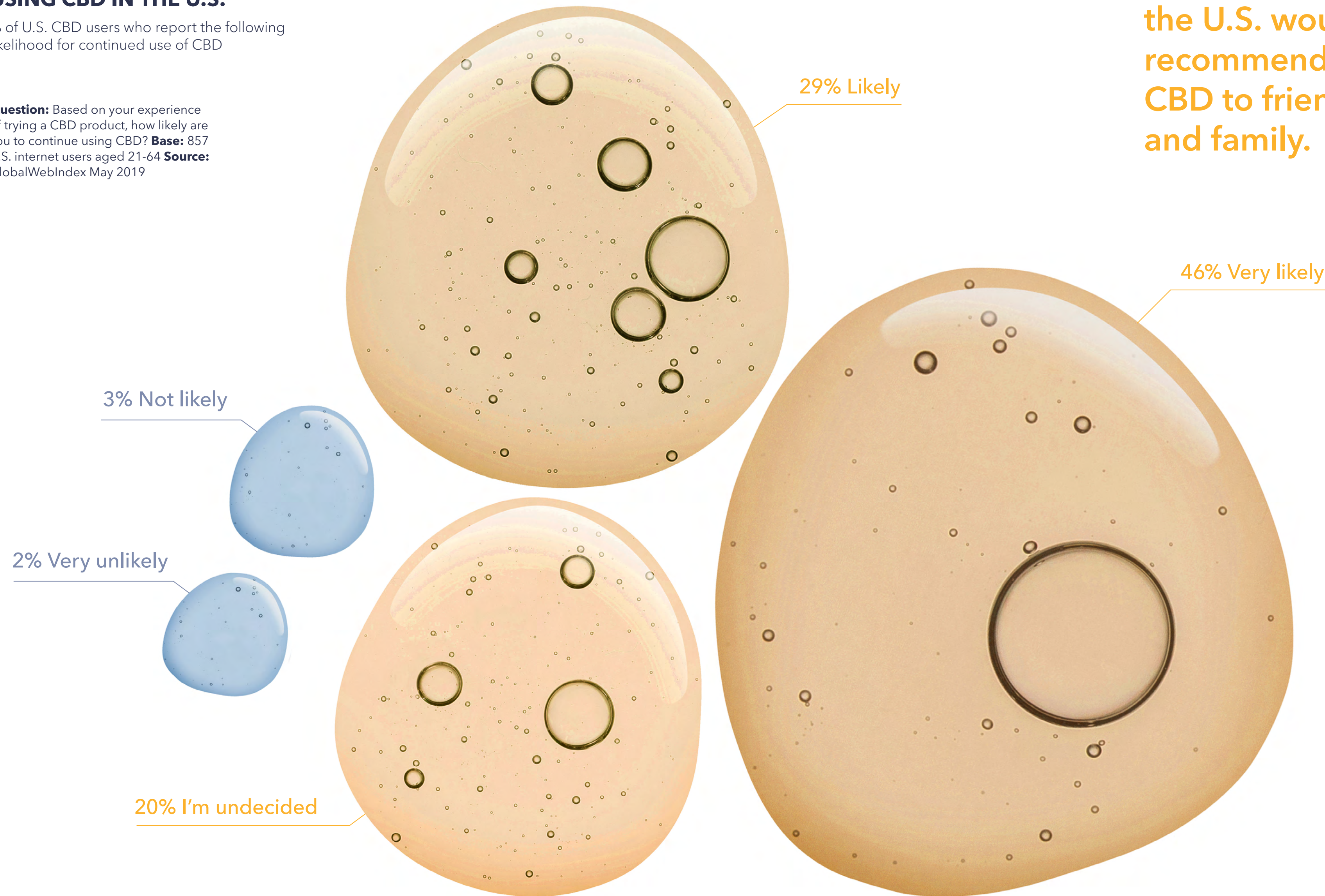
● Very effective	48%
● Somewhat effective	38%
● Neutral	7%
● Not very/at all effective	3%
● Don't know	4%

Question: Have you used any of the following CBD-infused products in the past six months? | How effective do you think CBD is at alleviating symptoms of certain mental health conditions (e.g. anxiety, depression, insomnia)? **Base:** 857 U.S. internet users aged 21-64 **Source:** GlobalWebIndex May 2019

LIKELIHOOD TO CONTINUE USING CBD IN THE U.S.

% of U.S. CBD users who report the following likelihood for continued use of CBD

Question: Based on your experience of trying a CBD product, how likely are you to continue using CBD? **Base:** 857 U.S. internet users aged 21-64 **Source:** GlobalWebIndex May 2019



76% of users in the U.S. would recommend CBD to friends and family.

Additionally, CBD has been extremely well-received by those who have tried it. Among recent users in the U.S., three-quarters report that they are likely to continue using it based on their experience. Advocacy is also strong, with 3 out of 4 users in the U.S. indicating that they would recommend CBD to friends or family members.

Knowledge, Trust, and Regulation

Despite strong consumer confidence and positive experiences with CBD's effectiveness, the data to support this is underdeveloped. Early studies into CBD's potential use for various psychological and neurological disorders has been promising. Research using animal models has shown CBD to be effective in improving symptoms of **anxiety, schizophrenia and Parkinson's disease**. While research with human subjects has been limited and largely inconclusive, health

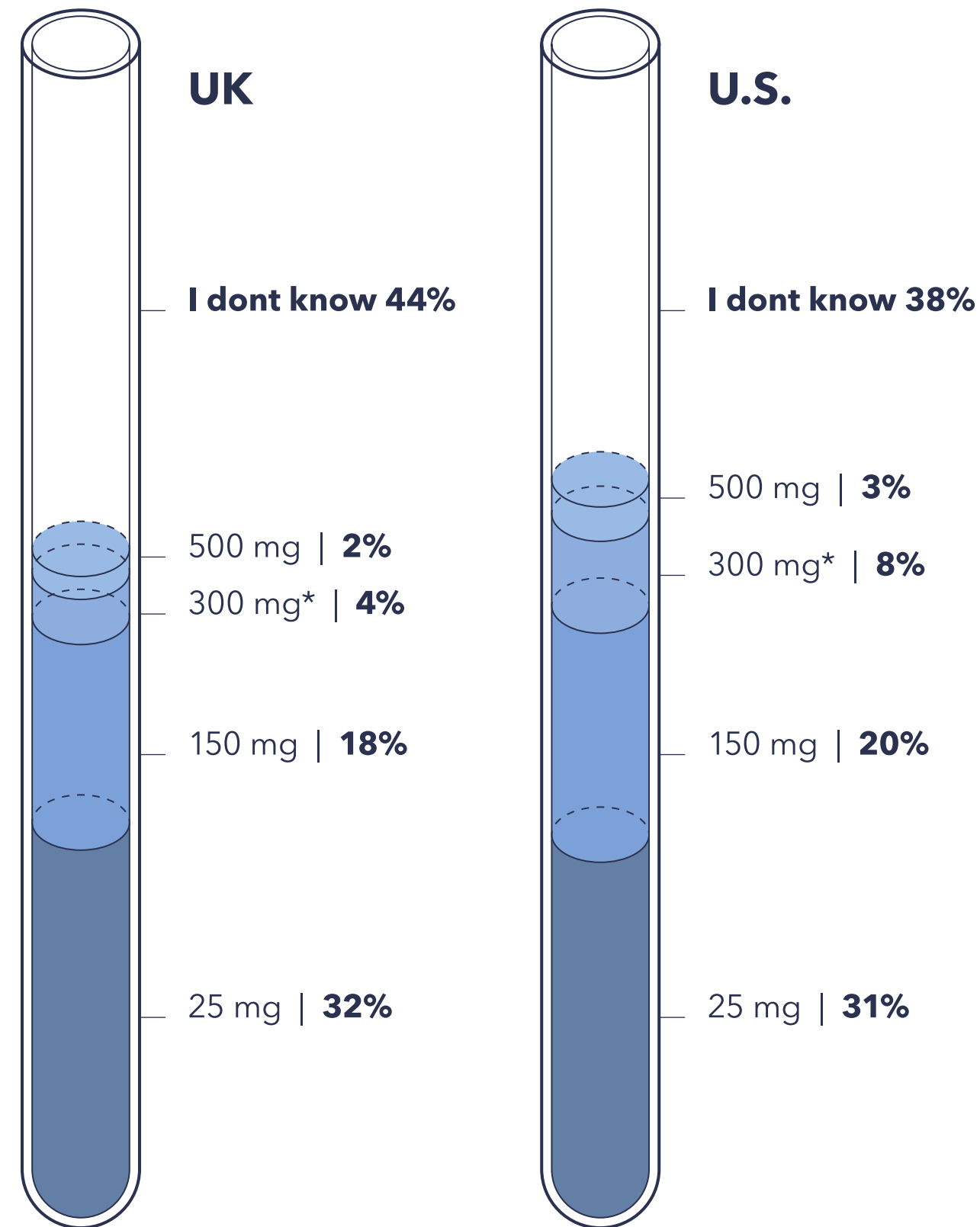
organizations are investing more funding into exploring cannabis-based therapies. The National Institute of Health recently allocated nearly \$4 million of funding for a 5-year study into cannabis' potential use to reduce opioid addiction in adults with chronic pain.

At this point in time, however, only one CBD-containing medication has undergone clinical trials and achieved FDA approval. **Epidiolex**, a medication used to treat certain forms of childhood epilepsy which have typically not responded well to traditional anti-seizure medication, was approved in June of last year.

If the medical community's understanding of CBD is not fully developed, consumer understanding is very limited. Our study

IT'S QUIZ TIME:

What's the Correct CBD Dosage For Treating Anxiety?



◀ % of internet users who think the following is the minimal clinically effective CBD dosage for treating anxiety when ingested orally (i.e. an edible or gummy)

Question: What do you think is the minimal clinically effective CBD dosage for treating anxiety when ingested orally (i.e. an edible or gummy)? **Base:** 1,823 U.S. and 2,213 UK internet users aged 21-64
Source: GlobalWebIndex May 2019

* Blessing EM, Steenkamp MM, Manzanares J, Marmar CR. Cannabidiol as a Potential Treatment for Anxiety Disorders. *Neurotherapeutics*. 2015;12(4):825-836. doi:10.1007/s13311-015-0387-1

Nearly 40% of U.S. consumers are self-reportedly "knowledgeable" about the CBD dosage system, yet only 8% could correctly identify the minimal oral dosage required to effectively treat anxiety.

of CBD perceptions and behaviors reveals to what extent this is true. Nearly 40% of consumers in the U.S. felt themselves to be "knowledgeable" about how the dosage system for CBD works. However, when asked to identify the minimal dosage to effectively treat anxiety via oral ingestion, only 8% of users chose the correct option. While 38% of users admitted that they did not know, more than 30% selected 25mg as the correct dosage for anxiety. The majority of indigestible

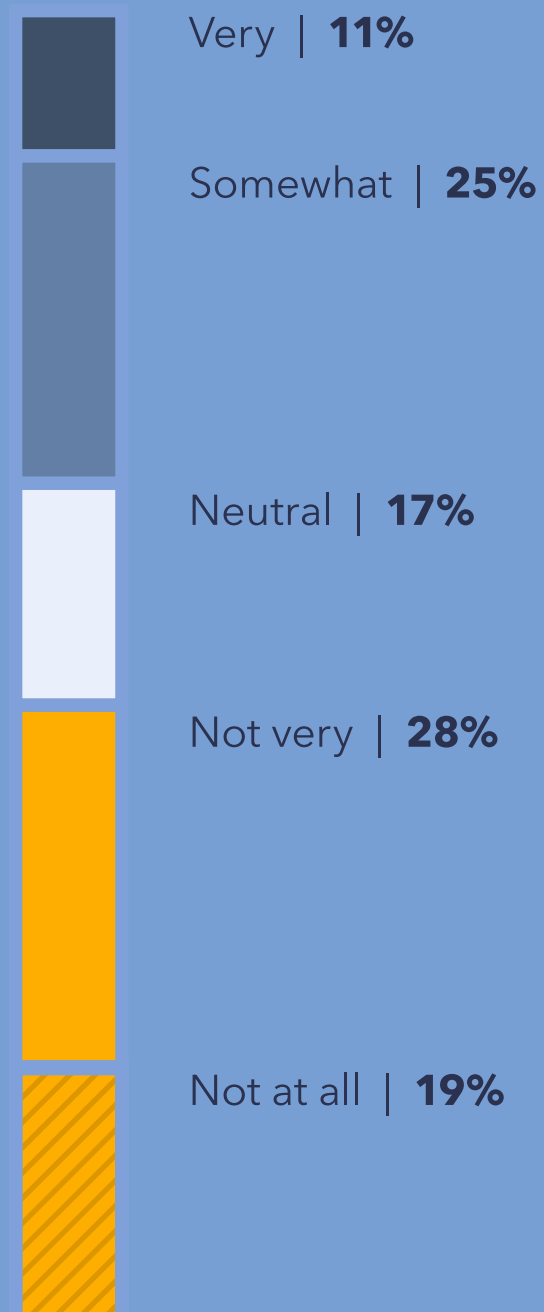
CBD products available for purchase, such as gummies, advertise dosages between 20-125mg per serving size. This is far lower than the **300mg* oral dose** that was found to be effective in improving anxiety and insomnia symptoms in one of the few human-based trials recently published.

And it's not just a misunderstanding about dosage that characterizes this knowledge gap. Only 30% of U.S. internet users consider themselves

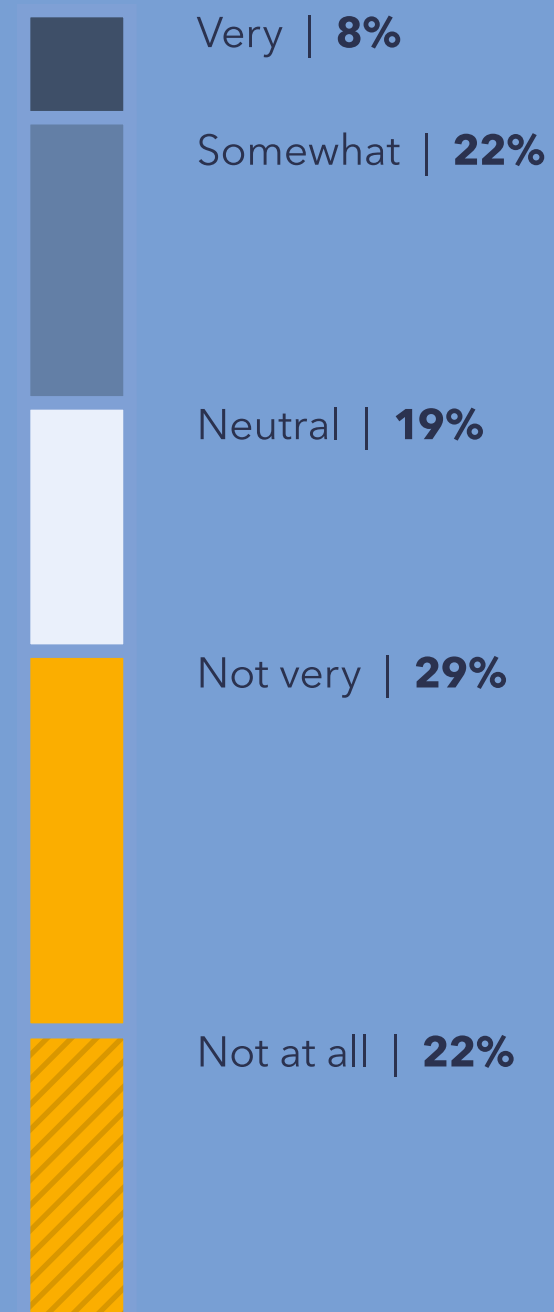
THE DOSAGE AND LEGAL KNOWLEDGE GAP IN CBD

How knowledgeable do you consider yourself in regards to:

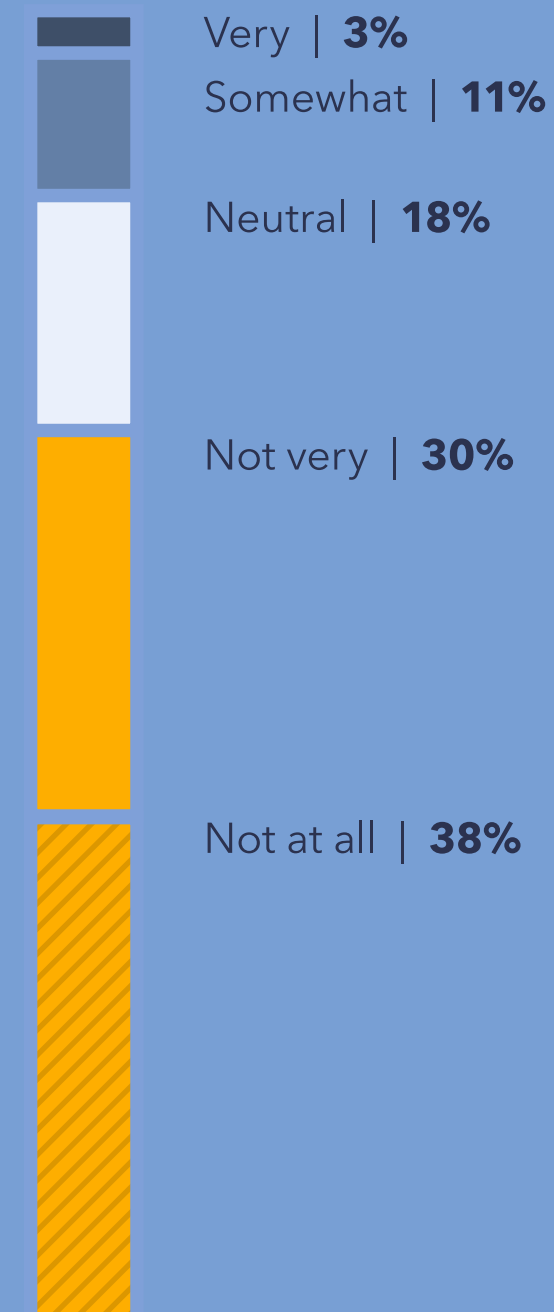
Dosage system for CBD (UK & U.S.)



How the FDA regulates CBD products (U.S.)



How the MHRA regulates CBD products (UK)



Around 2 in 3 internet users say they're knowledgeable when it comes to understanding the differences between marijuana, THC, CBD, and hemp. Knowledge falls short when it comes to dosage and regulation.

Question: How knowledgeable do you consider yourself to be in regards to how the dosage system for CBD works? | How knowledgeable do you consider yourself to be in regards to how the FDA is regulating CBD-infused products? | How knowledgeable do you consider yourself to be in regards to how the MHRA (Medicines and Healthcare Products Regulatory Agency) is regulating CBD-infused products? **Base:** 1,823 U.S. and 2,213 UK internet users aged 21-64 **Source:** GlobalWebIndex May 2019

knowledgeable about how the FDA regulates CBD products. A similar question asked among UK internet users reveals that only 14% have an understanding of how the MHRA (Medicines and Healthcare Products Regulatory Agency) regulates CBD, underscoring how much less developed the market is in that region.

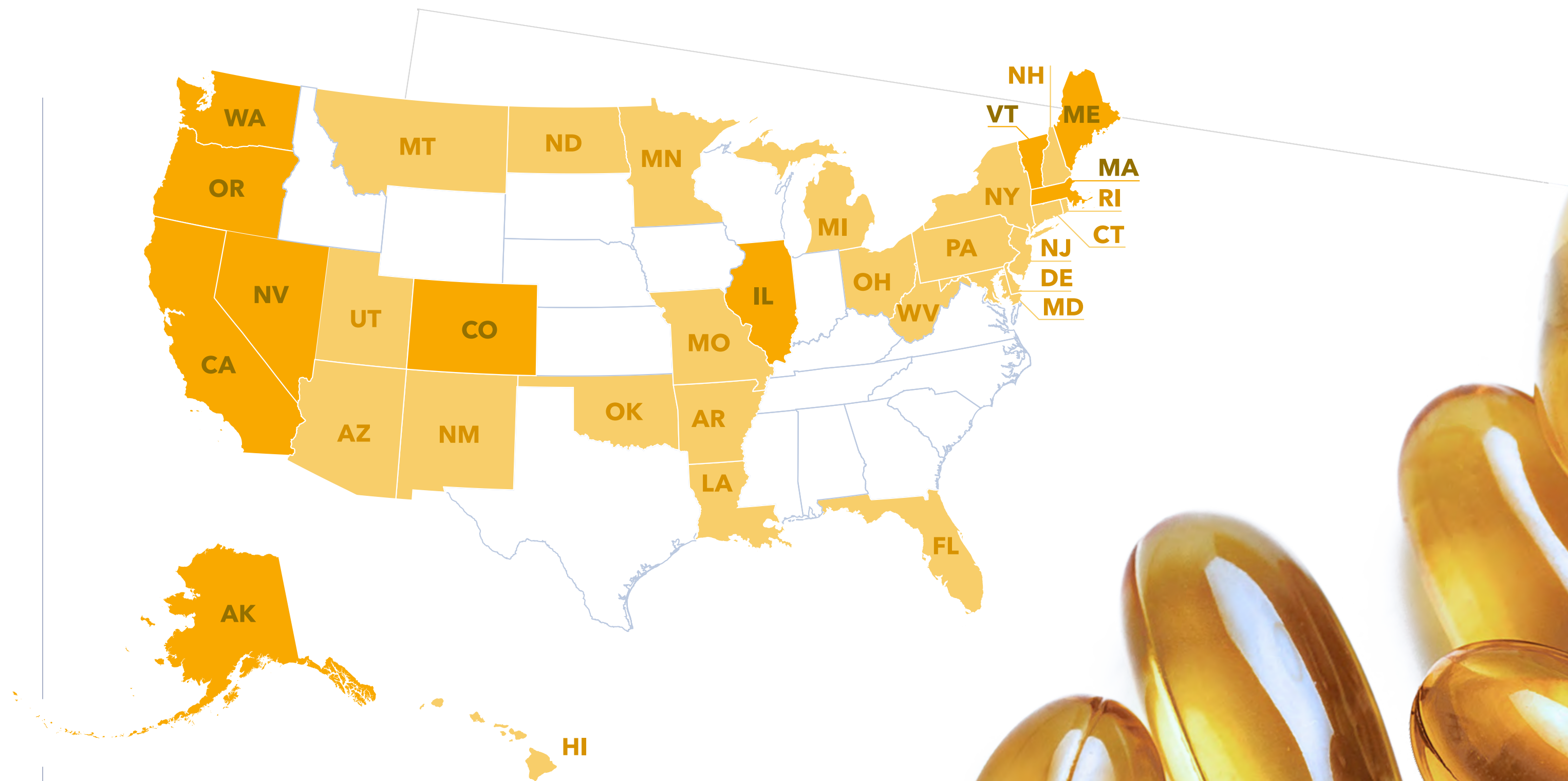
Cannabis Derivatives and Big Pharma

The use of CBD to treat various ailments is becoming increasingly widespread in the U.S. How this market coexists with the powerful and established pharmaceutical industry, however, is another unknown.

Thus far, the pharmaceutical industry has been both a barrier and facilitator to cannabis-derived products. The medical marijuana debate is perhaps the most clear example of the big pharma's resistance. Currently,

33 states and the District of Columbia have legalized medical marijuana. In a 2016 article, the [Washington Post](#) detailed the growing body of evidence that suggests painkiller abuse and overdose, a public health issue that has reached epidemic proportions in many areas of the U.S., has declined in states where medical marijuana is legal. The results of a ground-breaking study they referenced found that doctors write fewer prescriptions to treat anxiety, nausea, and – most dramatically – pain in these states, though prescription rates for unrelated conditions were similar. Additionally, the study suggested that medical marijuana usage reduced the cost of Medicare spending in these states.

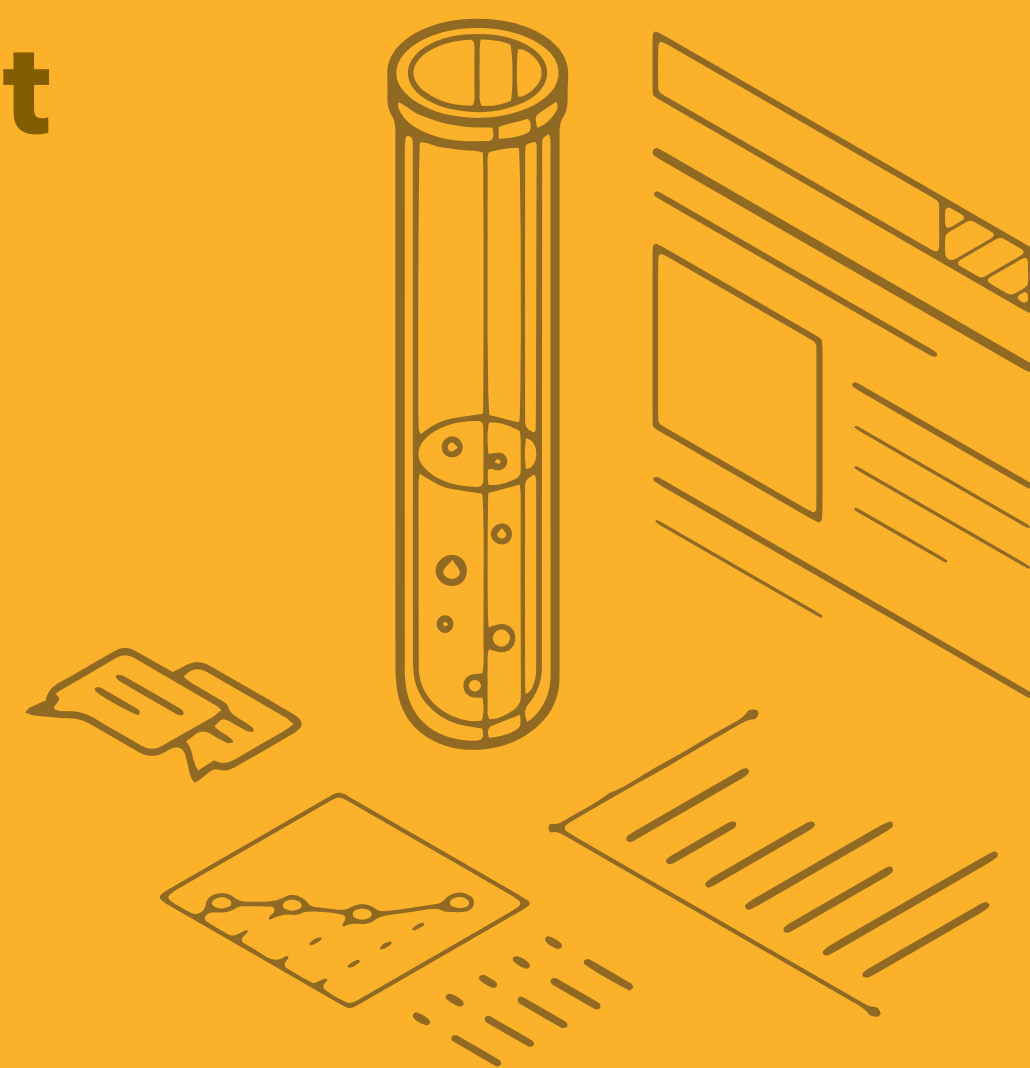
The pharmaceutical industry has been quietly responding to the threat of medical marijuana for years. Pharma companies, including those like Purdue Pharma who manufactures the prescription painkiller Oxycontin,



Research has found that doctors write fewer pain medication prescriptions in states where medical marijuana is legal.

- Legalized medical marijuana
- Legalized recreational and medical marijuana

53% of U.S. internet users perceive the claims of CBD companies as "trustworthy".



47% feel the same about the claims of pharmaceutical companies.

fund nonprofit, anti-drug activist groups like the Community Anti-Drug Coalition for America and the Partnership for Drug-Free Kids. These companies have also **funded the research** of vocal, anti-marijuana academics and lobbied the government to deter reclassification of naturally derived THC from a heavily controlled Schedule 1 substance to a less-severe Schedule 3 substance.

And the case of Inys Therapeutics is perhaps the most obvious recent example of the industry blockading medical marijuana developments to protect its own profitability. In 2017, the company donated \$500,000 to Arizonans for Responsible Drug Policy, an activist group that helped to successfully block Arizona's bill to legalize cannabis. Shortly after this, Inys received preliminary federal approval **to develop Syndros**, a drug that uses its own synthetic version of THC.

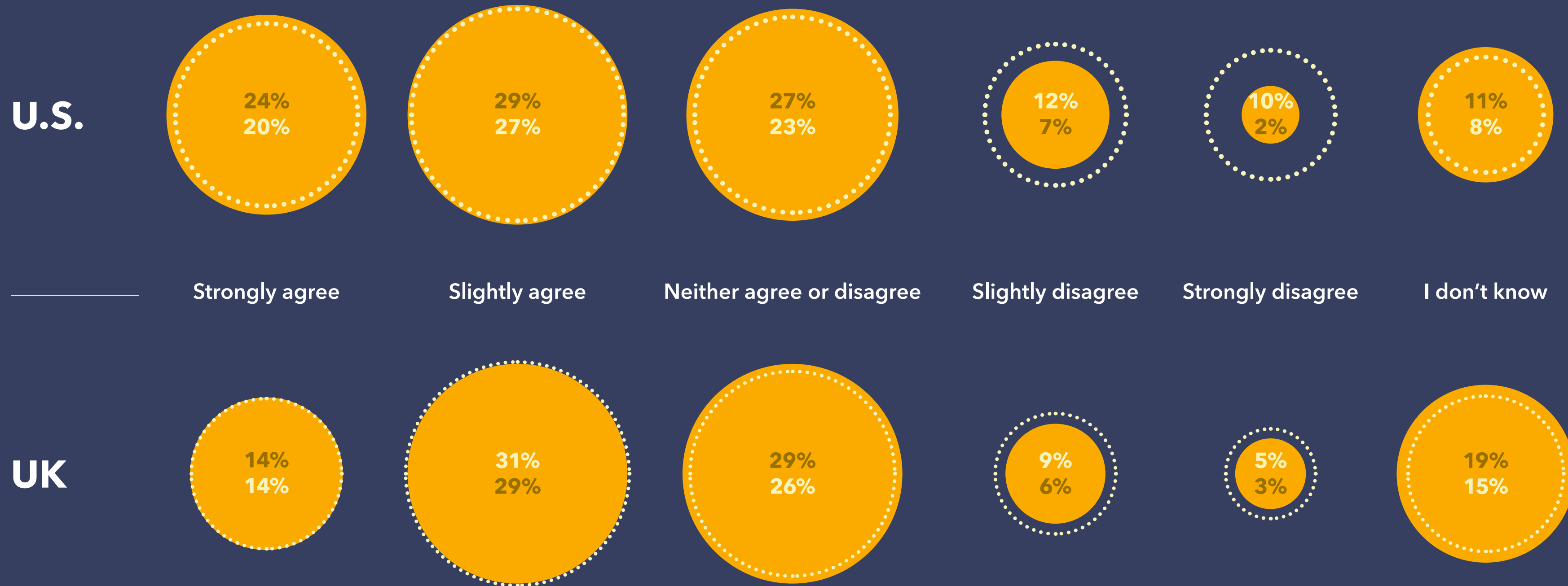
Actively blocking progress toward medical marijuana accessibility – essentially prioritizing the industry's profitability over patient outcomes – does not endear pharma brands to consumers. This is especially true in an environment where the cost of healthcare has skyrocketed in the U.S., and prescription medications are unaffordable to many.

This is reflected in our findings, which show that trust in traditional pharma is actually lower than trust in the CBD industry. In the U.S., 53% of internet users agree that the claims of CBD companies are "trustworthy". The number who feel the same about the claims of pharma brands is lower – at 47%. Interestingly, the same pattern is not evident in the UK. 43% of UK internet users trust the claims of CBD companies, while 45% trust traditional pharma. This indicates that, as many people looking at the U.S. from the outside have observed, the issue with Big Pharma is quite uniquely American.

CONSUMER PERCEPTION

Trust in CBD vs. Pharma Companies

● Trust claims from CBD Companies ● Trust claims from Pharma Companies



U.S. internet users are more inclined to trust the claims of CBD companies vs. their UK counterparts.

The unique relationship that consumers have with the pharmaceutical industry in the U.S. likely shapes comparative trust levels.

Question: To what extent do you agree that the claims of companies that produce CBD-infused products are trustworthy? || To what extent do you agree with the claims that pharmaceutical companies that produce prescription and over-the-counter medications (e.g. Bayer, Pfizer) are trustworthy? **Base:** 1,823 U.S. and 2,213 UK internet users aged 21-64 **Source:** GlobalWebIndex May 2019

Protecting Consumers

But the pharmaceutical industry's relationship with cannabis products is more complicated, and some brands are helping to develop the CBD market rather than impede it. Big-name pharma brand Novartis has been the first. In Canada, its generic drug subsidiary **Sandoz recently partnered with Tilray**, a company that produces both THC and CBD-based products for medical use. In the U.S., Noramco is blazing a trail to develop synthetic versions of cannabis-derived compounds for therapeutic applications. The brand, which manufactures prescription painkiller medication such as morphine and codeine, has already started to **produce clinical quantities of synthetic CBD** in its various U.S. facilities.

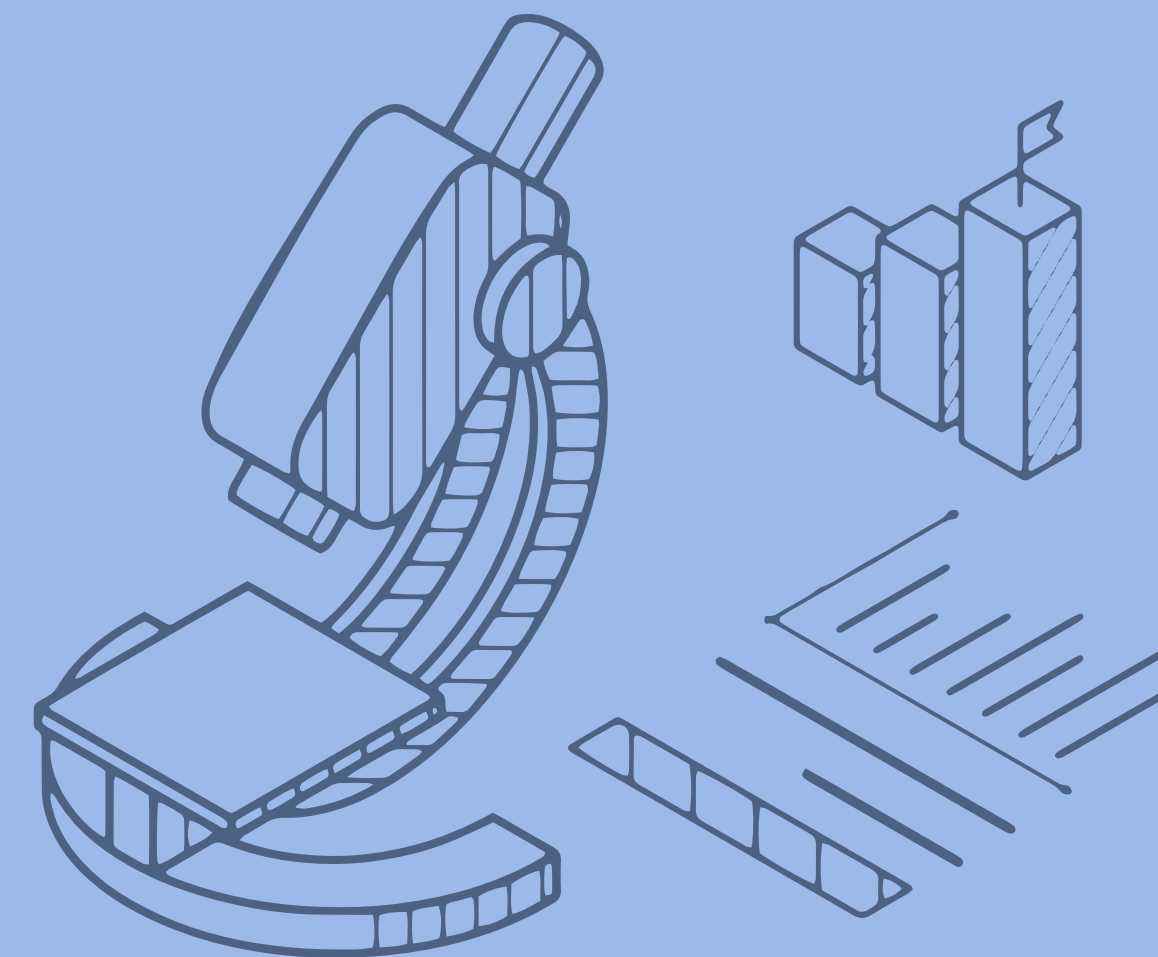
And looking into CBD's future, synthetic production by the pharmaceutical industry may well be the only way it achieves FDA approval. Noramco's CEO, James

Mish, has been vocal about this, commenting that "in order to get the quality needed by regulatory bodies, the only way to do that is synthetically."

"In order to get the quality needed by regulatory bodies, the only way to do that is synthetically."

Noramco CEO, James Mish

A more active role by the pharmaceutical industry may address some of the issues that have been plaguing the CBD industry. Quality and standardization are two of these issues. In order to be sold legally across the U.S., CBD products must contain less than 0.3% of the psychoactive compound THC. In the currently unregulated industry, ensuring that ratio among the thousands of independent

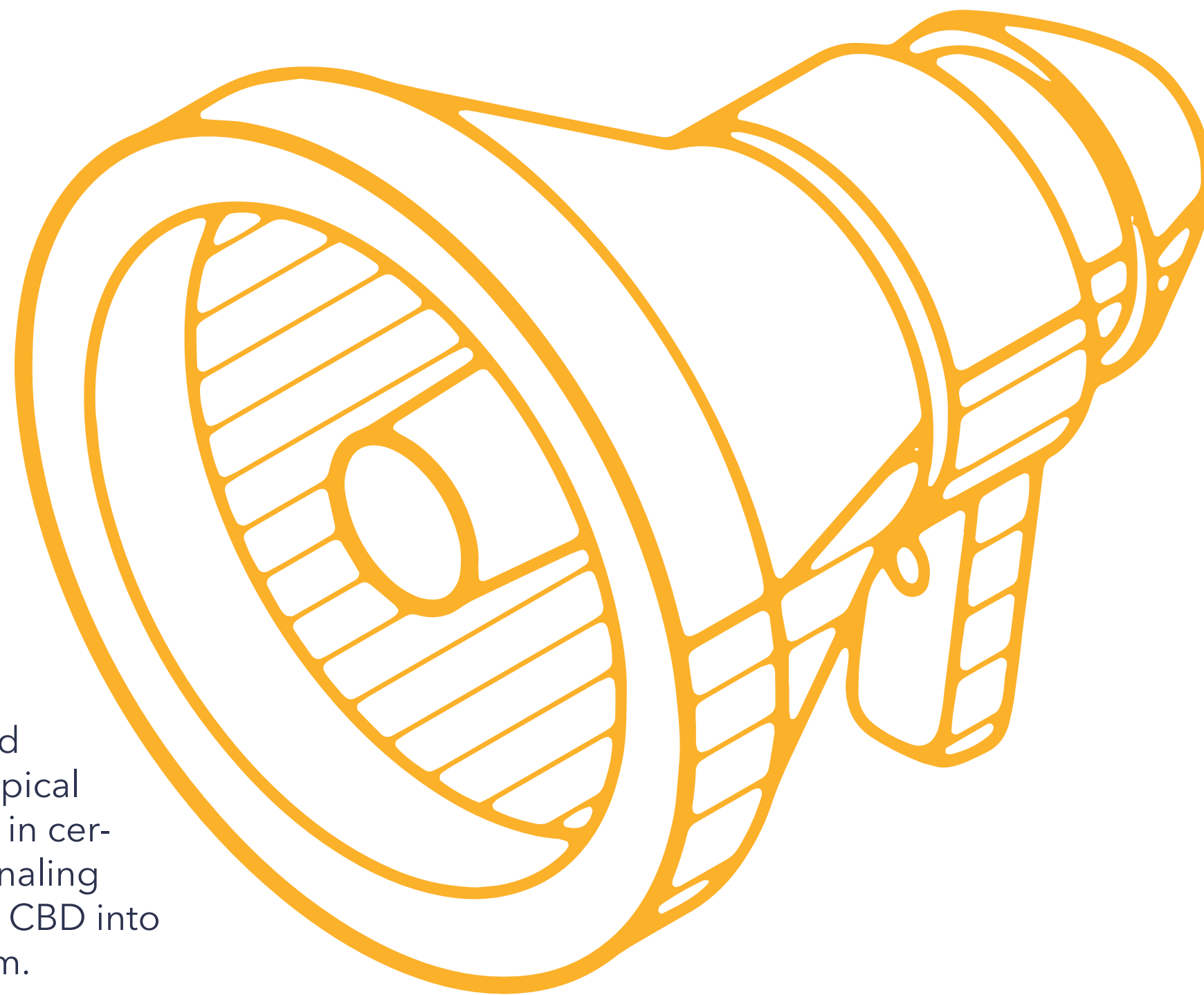


A recent JAMA study found that 18 of 84 CBD products purchased online were found to have THC levels high enough to cause impairment.

producers has not been possible, and many consumers have suffered the consequences. Many reports have surfaced of CBD users testing positive for THC on employer-mandated drug tests and subsequently **losing their jobs**. A few are now starting to sue the companies making these products, arguing that their true THC content was misrepresented. Research in the Journal of American Medicine validates these concerns, with one study finding that 18 of 84 CBD products they purchased online and tested were found to have THC levels high enough to cause impairment.

Additionally, studies suggest that THC can build up in the body over time, so that even products with lower levels of the psychoactive compound may adversely affect users who are drug tested. Without the FDA stepping in, consumers remain unprotected from this and other issues around dosage, quality, and standardization.

Industry adoption



As consumer demands come up against regulation and safety concerns, the CBD industry is caught in a place of both immense opportunity and risk. For the many small, independent brands that have essentially created the market, this is less of an issue. But for household names like Coca Cola, which **denied rumors** last year that it was planning to enter the CBD beverage market, the consequences of acting outside of

clear FDA guidelines can be severe. This risk is largely concentrated in the space of ingestible CBD products – sodas, gummies, oils, etc. The topical CBD market, a growing industry of beauty products, salves, and even cosmetics, does not face the same level of scrutiny. For this reason, some bigger brands have already gotten involved. Drugstore chains **CVS, Right Aid, and Walgreens** announced earlier this year

that they would be stocking topical CBD products in certain states, signaling a huge shift of CBD into the mainstream.

Marketing Minefield

The variety of media laws and regulations for advertising CBD in different U.S. states and through different networks makes for a confusing picture. Earlier

Navigating the waters around marketing CBD-infused products has been precarious.

this year, CBS prevented an advertisement from medical marijuana company Acreage Holdings from airing during the Superbowl. And, while CBD is distinct from medical marijuana, the complexities of advertising it have deterred broadcast networks. One important issue is legality. While the Farm Bill legalized cultivation of hemp at the federal level, CBD can also be derived from cannabis, which cannot legally be cultivated at the federal level. Additionally, any health claims made by brands in broadcast advertisements fall under the scrutiny of the **Federal Trade Commission**. Without credible research to back themselves up, CBD brands risk the wrath of the FTC in addition to the FDA.

Even the typically more lenient realm of social media has become a contentious space for these products, with Facebook and Google recently restricting CBD and marijuana companies from advertising on their platforms. Facebook's stance has been detrimental to many small business owners, some of whom are responding to their business accounts being **deactivated** or deleted entirely for promoting CBD products.

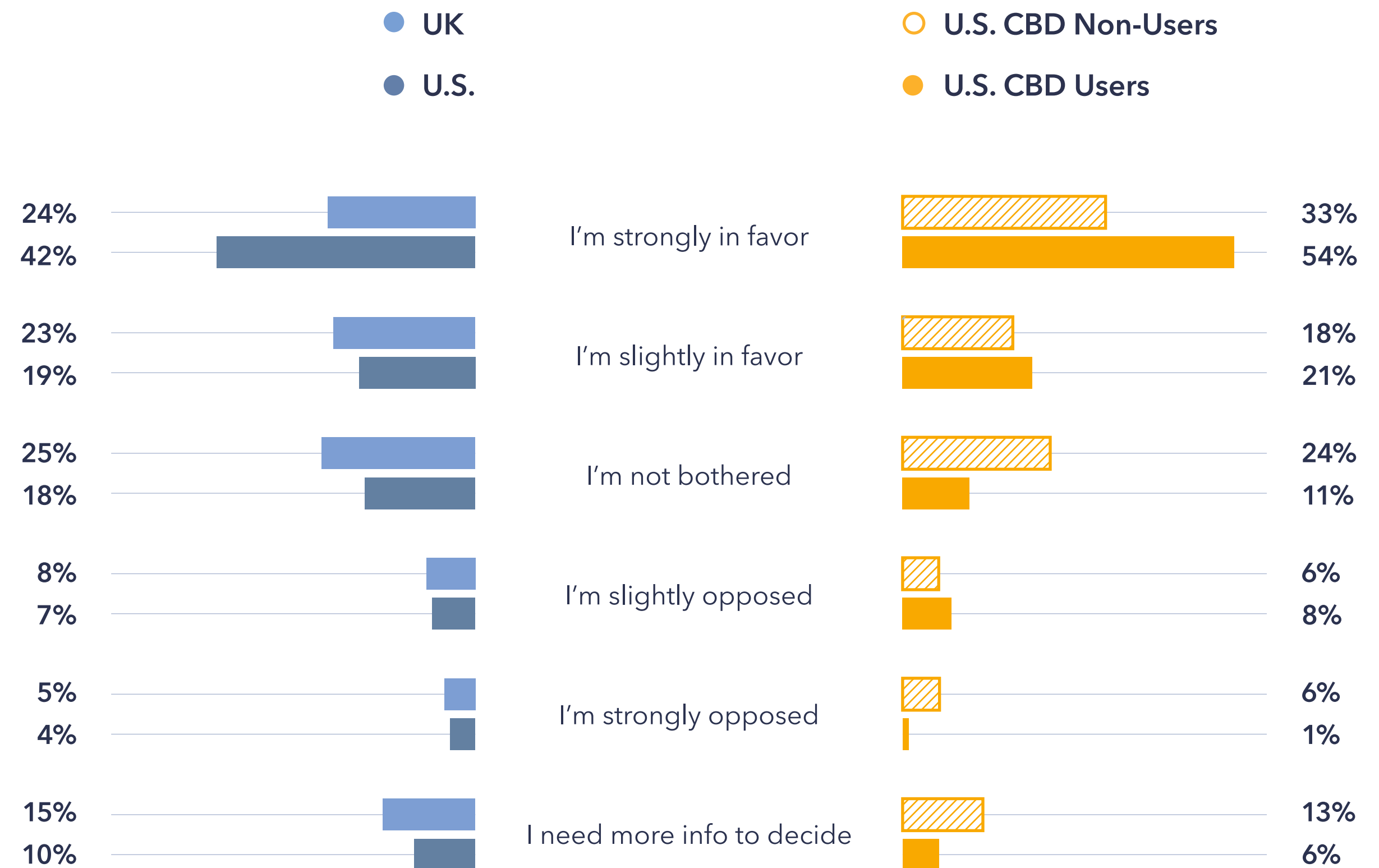
Among both U.S. and UK internet users, there is a recognition that the risk of scams/black market companies, the potential of advertising to kids and teens, and the inconsistent legal landscape of CBD are legitimate reasons for

preventing CBD advertising online. Despite these hurdles, however, the marketing landscape is poised for change.

Consumer opinions toward CBD in advertising, as we have seen in other areas, are very positive. Over 6 in 10 U.S. consumers are in favor of CBD companies being allowed to advertise their products online, with only 11% being opposed. In the UK, opposition is only marginally higher, at 13%. While CBD users are more inclined to support online advertising, non-users are more likely to be apathetic (24% report that they are unbothered by CBD online advertising) or in need of more information (13%) rather than actively opposed (12%).

ATTITUDES TOWARD ONLINE CBD ADVERTISING

% of internet users who support/oppose CBD companies advertising online:



Question: What are your thoughts on allowing legitimate cannabis brands, including verified CBD companies, to advertise their products online?
Base: 1,823 U.S. and 2,213 UK internet users aged 21-64 **Source:** GlobalWebIndex May 2019

PERCEIVED ISSUES TOWARD ONLINE CBD ADVERTISING

% of internet users think the following are reasons that could prevent CBD companies from advertising products online:

● UK ● U.S.



Google, Facebook, and other digital platforms may loosen their restrictions on CBD advertising, however, as more clarity around regulation emerges. This would be

a game-changer for the industry. Independent brands have already laid the groundwork without the aid of digital ads; opening the doors to this form of marketing would

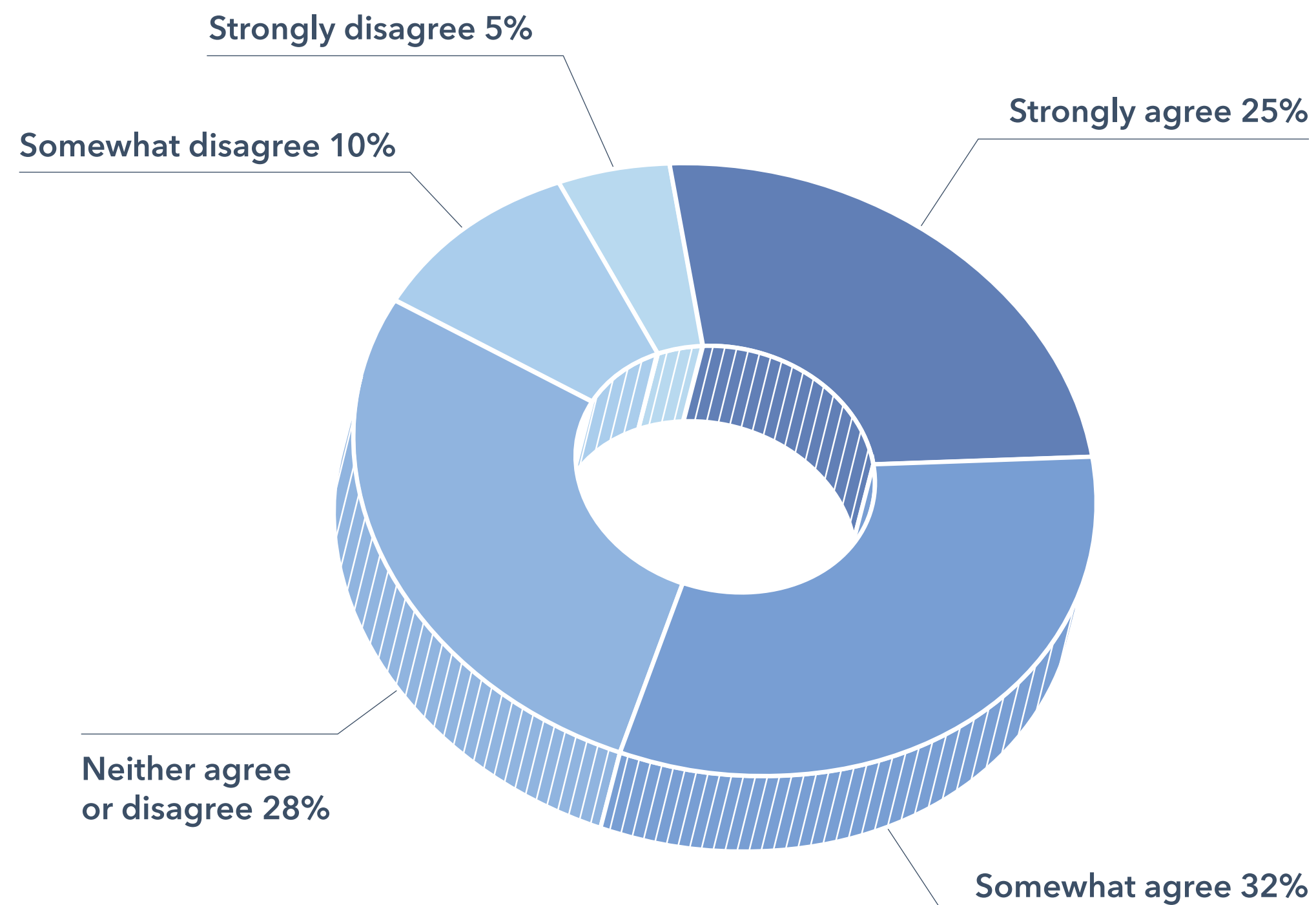
be hugely lucrative, potentially bringing the industry from niche to mainstream very quickly.

UK consumers are more concerned about the general lack of product regulation and quality control/vetting of companies that try to advertise online.

Question: Which, if any, of the following issues do you see as being reasons to prevent CBD companies from advertising their products online? **Base:** 1,823 U.S. and 2,213 UK internet users aged 21-64 **Source:** GlobalWebIndex May 2019

WILLINGNESS TO PAY A PREMIUM FOR CBD PRODUCTS IN THE U.S.

% of U.S. internet users who would consider using CBD who agree/disagree that they'd pay more for CBD products:



The CBD beauty market is expected to hit a value of \$1.6 billion by 2020.

Question: To what extent do you agree or disagree with the following statement? I would pay a premium for products (e.g. food, beverage, personal care products) that contain CBD **Base:** 779 U.S. CBD intenders aged 21-64 **Source:** GlobalWebIndex January 2019

A New Status Symbol

In addition to high-profile drugstore chains now carrying topical CBD products, mainstream beauty retailers are also getting in the game. The CBD beauty segment is expected to hit a value of **\$1.6 billion by 2020**, making up 7% of the overall market. And it's largely being driven by a sense of premiumization and luxury that CBD infusion adds to skincare and cosmetics. Trailblazing this premium market are brands like Lord Jones, a high-end line of CBD-infused skincare which is now stocked at beauty retailer Sephora, as well as across **SoulCycle's 85 U.S. studios**. A 1 fluid ounce bottle of Lord Jones' Royal Oil, used for the face, body, and hair, comes in at \$100.00, positioning it well

within the 'premium' skincare space.

As niche as Lord Jones might be, other, more well-known high-end skincare brands have begun experimenting with cannabis and hemp extracts, including Kiehl's, Peter Thomas Roth, and Cannuka. Like many premium products in this space, CBD infusions are beginning to become a new status symbol in the era where health and wellness are a currency of affluence.

This perspective is reflected in consumers' own perceptions. In the U.S., more than half of those who would consider CBD products report that they are willing to pay a premium for them.

The bottom line

Demand for CBD has led to an explosive industry full of opportunity. With big-name brands treading carefully, independent companies have been able to thrive and even shape this market. And in the absence of FDA regulation and adequate research, these companies have played a pivotal role in educating the public.

Even in a short space of time, the impact of this is evident. In February of 2019, 57% of U.S. internet users surveyed felt knowledgeable about the differences between marijuana, CBD, THC, and hemp. By May, this figure had risen to 65%, embodying how fast this industry is evolving.

The Road to Regulation and Clinical Applications

Despite the opportunity, serious impediments to full market development exist. Many of these are rooted in the lack of research, standardization, and basic consumer

safety regulations that only the FDA can provide. While recent actions like the public hearing in May have been important steps in this direction, they only represent the beginning of a long, winding road to regulation. Former FDA Commissioner [Scott Gottlieb hinted at this](#) in the past when he suggested it would likely

take years for adequate regulation to be drafted and implemented.

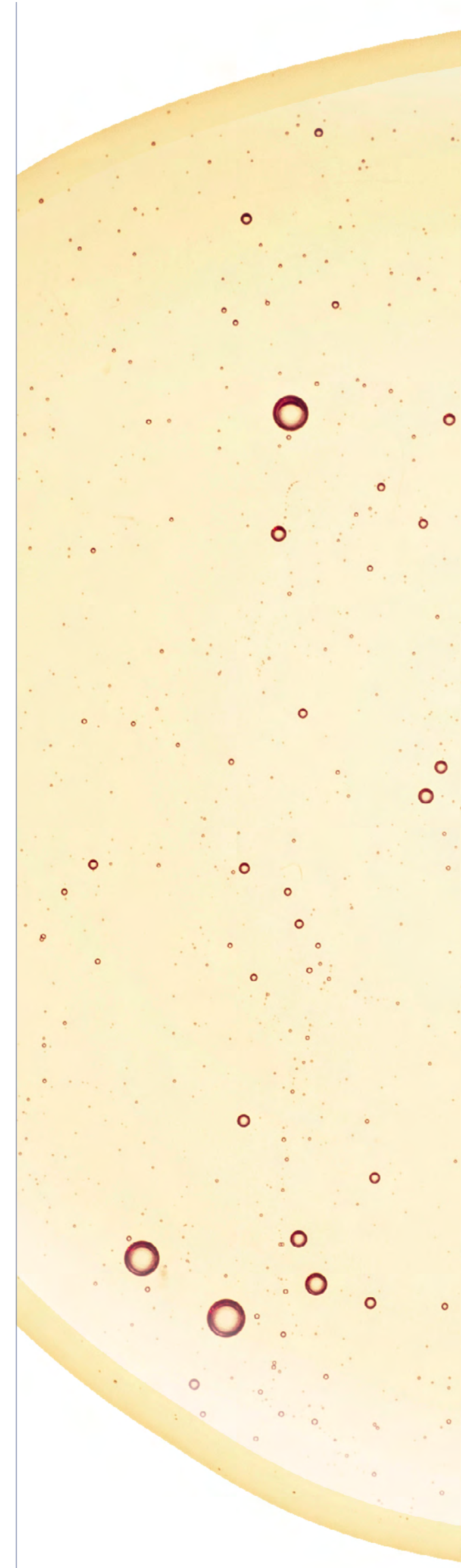
This is where the pharmaceutical industry may step in and shape how CBD progresses in a clinical setting. As leaders in the field have commented, the future of CBD for medical treatment likely rests with synthetic, rather than naturally-derived, compounds. High levels of quality control and dosage standardization, both essential for usage in a medical setting, are more realistically achievable with synthetics.

Additionally, the power of the pharmaceutical industry in influencing public health policy is significant. With major players already getting involved, what this means for independent CBD producers is that they likely can't operate in the

"Wild West" industry as we know it for much longer.

Carving a Consumer-Focused Industry

So where does this leave the consumer goods market? Firstly, brands hoping to enter and stay afloat will have to tread carefully when making health claims about CBD. To date, the FDA hasn't had the resources to go after thousands of small brands that make inaccurate health claims. Once a regulatory framework is established, however, much of this current leniency will disappear. When it comes to advertising, brands must be even more wary, as oversight from the FTC becomes a consideration once broadcast media is involved.



Brands that manage to achieve long-term success with CBD will likely be those that can distinguish themselves from the gray area of healthcare and emphasize more lifestyle benefits. As we have seen with the growing CBD-based beauty industry, personal care is a clear winner for this. In this space, the benefits of CBD can be touted in a way that's more focused on wellness and self-care – consumer language that is less open to direct challenges.

Brands that produce and market ingestible CBD products, however, will be subject to much greater scrutiny. Many may eventually be regulated through the FDA's framework for "dietary supplements," which is much looser than the oversight of medical drugs. This path promises

a faster way to legality for legitimate producers, essentially positioning them in the same category as vitamin and supplement makers.

Whatever the long-term resolution may be, the need for at least a short-term public education campaign is evident. The majority of U.S. consumers would now consider trying CBD-infused products, an indication that the market is moving from niche to mainstream. As demand continues to build, both the industry and the public can only continue to wait on the FDA's next move.

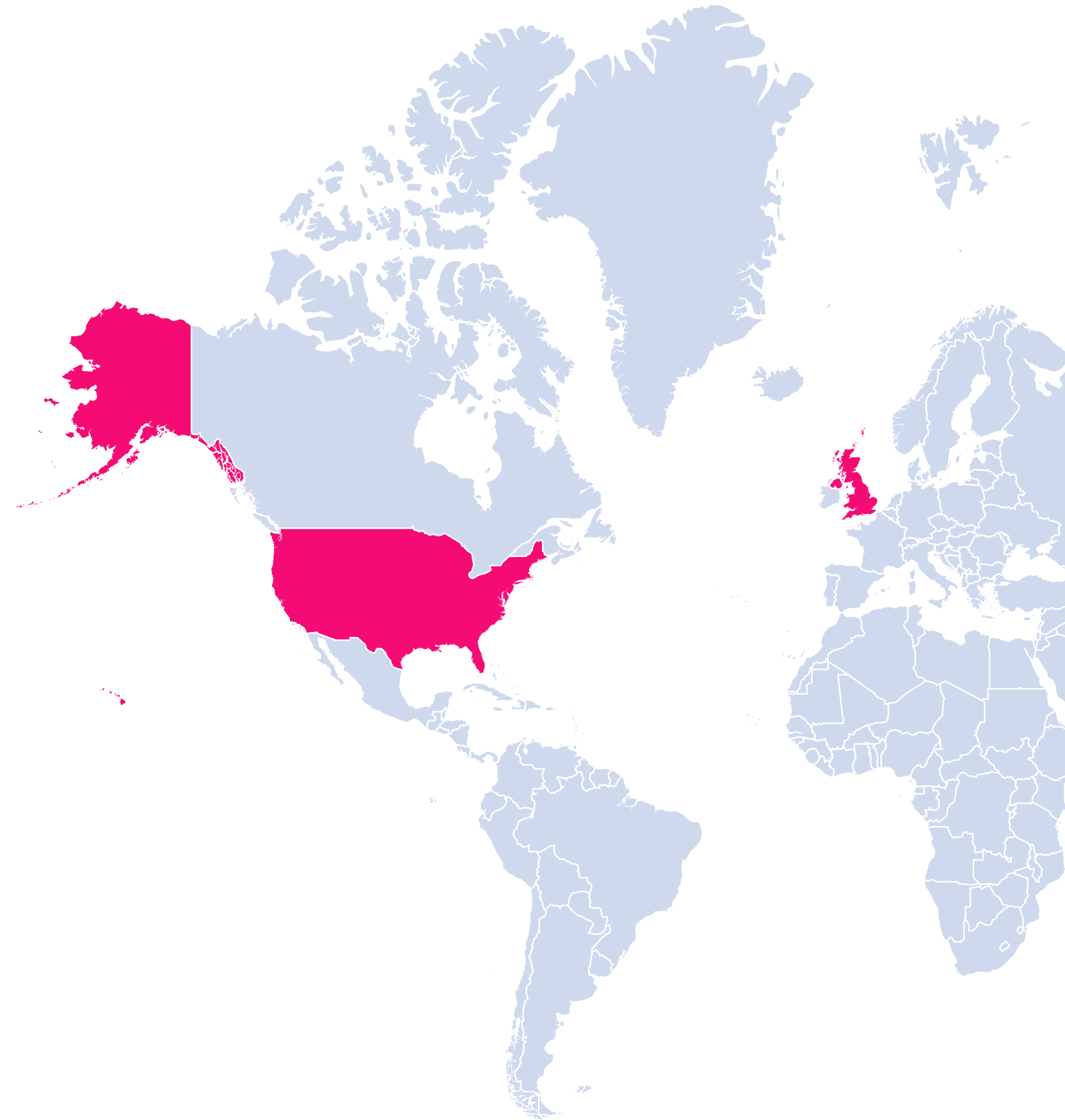


Methodology

Unless otherwise stated, the data in this report is taken from two bespoke surveys from **January 2019** among **1,183 internet users in the U.S.**, and **1,452 internet users in the UK** and **May 2019** among **1,823 internet users in the U.S.**, and **2,213 internet users in the UK aged 21-64**. Please note, where clearly stated, this report also draws insights from GlobalWebIndex's ongoing global Core research.

All other figures of this report are drawn from **GlobalWebIndex's online research among internet users aged 16-64**. Please note that we only interview respondents aged 16-64 and our figures are representative of the online populations of each market, not its total population.

For an in-depth explanation of GlobalWebIndex's research and methodology, including information on our country coverage, internet penetration rates, our sample structures, and much more, please contact hello@globalwebindex.com



Our Research

As part of our ongoing global research, each year GlobalWebIndex interviews over 575,000 internet users aged 16-64 across 45 markets. Respondents complete an **online questionnaire** that asks them a wide range of questions about their lives, lifestyles and digital behaviors.

We source these respondents in partnership with a number of industry-leading panel providers.

Each respondent who takes a GlobalWebIndex survey is assigned a unique and persistent identifier regardless of the site/panel to which they belong and **no respondent can participate in our survey more than once a year** (with the exception of internet users in Egypt, Saudi Arabia and the UAE, where respondents are allowed to complete the survey at 6-month intervals).

Our Quotas

To ensure that **our research is reflective of the online population in each market**, we set appropriate **quotas on age, gender and education** - meaning that we interview representative numbers of men vs women, of 16-24s, 25-34s, 35-44s, 45-54s and 55-64s, and of people with secondary vs tertiary education.

To do this, we conduct research across a range of international and national sources, including the World Bank, the ITU, the International Labour Organization, the CIA Factbook, Eurostat, the US Bureau of Labor Statistics as well as a range of national statistics sources, government departments and other credible and robust third-party sources.

This research is also used to calculate the "weight" of each respondent; that is, approximately how many people (of the same gender, age and educational attainment) are represented by their responses.



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